

MARCH 1951

CREDIT

and

FINANCIAL MANAGEMENT

UNIVERSITY
OF MICHIGAN

MAR 27 1951

BUSINESS ADMINISTRATION
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Just what do factors do
and how do they function?

How the NPA is set up to
assist small businessmen

The why, how and when of
interviews with customers

Views and pictures of the
Convention and host city



Earl Felio moves upstairs . . . see page 3


A publication of

The National Association of Credit Men

How to protect your receivables

The easiest, most economical and most practical way to protect your receivables is to get a Credit Interchange Report—

F-4



Credit Interchange Bureaus

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of the NATIONAL ASSOCIATION
of CREDIT MEN


Report on _____

----- CONSTRUCTION CO., ----- NO. CAR. FEB. 8, 1951
----- COUNTY -----

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BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	NOW OWING INCLUDING NOTES	PAST DUE	TERMS OF SALE	PAYING RECORD			COMMENTS
							DISCOUNTS	PAYE WHEN DUE	DAYS SLOW	
CAROLINAS										
122-2										
Elec	yrs	1-51	34719	4447		30		x		
I&S	1947	1-51	5202	1827		1-10-30	x			
I&S	1940	1-51	55100			1-10-30	x			
Hdwe	yrs	12-50	1465			2-10-30	x			
ALABAMA										
122-2										
Bldg M	yrs	12-50	1233	576	209	2-10-30				15
I&S	yrs	1-51	2600			1-10-30	x			
LOUISVILLE										
123-351										
Bldg M	yrs	1-51	6133			2-10-30	x			
VIRGINIA										
123-318										
P&H	yrs	1-51	1382	986		2-10	x			
CHATTANOOGA										
124-215										
Bldg M	yrs	1-51	922			30		x		
GEORGIA										
123-423										
Pet	yrs	1-51	1618	1555	33	EOM				10
I&S	1942	1-51	7352	1360		1-10-30		x		
	yrs	1-51	13267	8312		2-10-30	x			
	yrs	12-50	819			1-10-30		x		
TATE										
	yrs	1-51	683	218		1-10-30	x			

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1

At the time you are investigating every new account.

2

When you receive an unusually large order or a number of direct inquiries on a customer.

3

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4

When you analyze your receivables at the end of the month, see that you have a late Credit Interchange Report on all "Slow Pay" accounts.

5

When considering any collection procedure, get the debtor's side of the picture from a late Credit Interchange Report.

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The Policy of Friendship



Balance Sheet

ADMITTED ASSETS	*December 31, 1950
Cash in Office, Banks and Trust Companies	\$ 38,777,419.93
United States Government Bonds	108,301,862.62
Other Bonds and Stocks	175,820,027.95
Investment in The Home	
Indemnity Company	6,878,161.00
Real Estate	5,293,635.24
Agents' Balances or Uncollected	
Premiums, Less Than 90 Days Due	19,766,198.65
Other Admitted Assets	3,320,264.23
Total Admitted Assets	\$358,157,569.62
LIABILITIES	
Reserve for Unearned Premiums	\$153,821,812.00
Reserve for Losses and Loss Expenses	40,775,253.00
Reserve for Taxes	8,750,000.00
Liabilities under Contracts with	
War Shipping Administration	1,218,246.31
Reinsurance Reserves	1,334,793.53
Dividends Declared	3,598,708.50
Other Liabilities	5,417,599.74
Total Liabilities Except Capital	\$214,916,413.08
Capital	\$ 20,000,000.00
Surplus	123,241,156.54
Surplus as Regards Policyholders	\$143,241,156.54
Total	\$358,157,569.62

*NOTES: Bonds carried at \$5,799,756.96 Amortized Value and Cash \$80,000.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Assets and Liabilities in Canada have been adjusted to the basis of the free rate of exchange. Based on December 31, 1950 market quotations for all bonds and stocks owned, the Total Admitted Assets would be \$357,620,695.62 and the Surplus as Regards Policyholders would be \$142,704,282.54.

Every policy of The Home Insurance Company is a deeply personal document.

Each provides a shield of protection for some person's cherished possessions—perhaps your home, or car, or business. And each bears the mark of some Home Insurance representative's interest and efforts in behalf of the policyholder. In nearly every community from coast to coast, these members of the Home "family" are bringing protection to their clients and neighbors in an efficient, friendly way. And when and if fire or other adversity occurs, you'll find that this is a friendship of deeds—not words. Then your Home man carries out the promise of your policy—sees to it that you get fast and effective help.

This sincere, human approach to your insurance needs has given The Home the neighborly characteristics for which it is known. It has made of it a company which not only serves your community but is a part of it—a company of people rather than statistics.

The Home, in its truest sense, is the man who lives in your town and serves you—your Home representative and his companions in communities throughout the country. The accompanying figures are a report of their work for you and your neighbors in the year 1950.

Sincerely,

James O. Smith
PRESIDENT

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*Deceased January 18, 1951

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Editorial



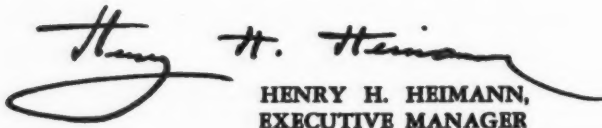
"Manana"

WE ARE always going to balance our budget—tomorrow. For years we were going to meet the Russian onslaught—tomorrow. We were going to aid the world until it could help itself, which would be—tomorrow. We were going to eliminate all extravagant expenditures of government and keep it within reason—tomorrow. Nations taken over by the Communists were going to be helped to oust them—tomorrow. For over two decades we have avoided meeting issues because of the unpleasantness and sacrifice involved. We would meet them—tomorrow. There is a lesson in this for business men and a special lesson for credit men. Business men must get their houses in order today—not tomorrow. Tomorrow may be too late. Every company must build the best and most efficient credit department—today, not tomorrow.

Credit men must keep their credit files right up to the minute today. Tomorrow they may lose business if they don't. Credit men who have doubtful accounts that have not responded to their own collection efforts had better turn them over to their Association Collection Service. If they do this they will have a 4 to 1 chance of realizing these accounts. But they had better do this today—not tomorrow. If they wait till tomorrow the possibility of collection is correspondingly reduced.

It is the mark of good management whether in government, business or in one's individual life to do things now instead of constantly putting off till tomorrow the things that are not too pleasant.

Most of our troubles today are due to our failure to meet issues. We have shoved them off until tomorrow and that is why we are having headaches today.


**HENRY H. HEIMANN,
EXECUTIVE MANAGER**

THIS MONTH'S COVER

The face on this month's cover is a familiar one in financial circles. In a comparatively short lifetime—he is almost 48 years old—Earl N. Felio's enthusiastic business and Association activities have made him a well-known figure throughout the country.

Honors have come his way too. Past president of the New York Credit and Financial Management Association, a director and for two terms vice-president of the National Association of Credit Men, Earl has been general credit manager since 1936 and assistant treasurer since 1940 of one of the world's largest manufacturers—Colgate-Palmolive-Peet Company.

Now a new honor has come to him in his election as treasurer of his company, with the additional duties of assistant secretary. This is the latest step in a 26-year climb from the bottom rung of the Colgate ladder and the National Association of Credit Men is proud that such a company should set such a value on one of its staunchest members.

This is but one of a recent series of instances where outstanding credit executives have been recognized by their companies as important contributors to those companies' success. And the reason might be summed up in two sentences of a letter which Earl Felio wrote to Henry H. Heimann, informing him of his new responsibilities. Said Earl: "New responsibilities . . . for a time will preclude my engaging in additional credit activities. Naturally I shall continue to maintain full interest in the New York Credit and Financial Management Association and the National Association of Credit Men because credit is my profession and because the work is so worthwhile."

Amen!

CREDIT and FINANCIAL MANAGEMENT

MARCH, 1951

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NOW! more than ever credit executives must be

- alert
- vigilant
- **INFORMED**

Now, more than ever, the credit executive needs all the tools he can find for his is going to be a difficult job in the months ahead. We're back in business with the government, and every credit executive knows the legal angles and tangles that means! But you can lighten your load if you have the NEW 1951 edition of the

CREDIT MANUAL OF COMMERCIAL LAWS

on your desk. The Credit Manual is specially written for credit men. It takes their legal problems, one by one, and gives the solutions, clearly, concisely and in layman's language—*your* everyday language.

The Credit Manual of Commercial Laws is the *only* book which deals exclusively with the credit side of the law. Every detail of the laws of sales is included: the law of contracts, secured transactions, bankruptcy, negotiable instruments, the wage and hour laws, government control laws, the soldiers' and sailors' relief act and many others. Nothing is omitted if it concerns credit sales.

The 1951 CREDIT MANUAL OF COMMERCIAL LAWS is new—new format, new treatment, new chapters. It is the credit executive's indispensable guide through the maze of business regulations. It is compact, correct, complete.

Send your order today—only a limited edition
this year—so send in your order at once to be sure
to get a copy of the 1951 edition.

Price is \$10.00 per copy (\$8.50 to NACM members) postage prepaid.

Publications Department

National Association of Credit Men

One Park Avenue

New York 16, N. Y.

THIRTY DAYS IN WASHINGTON

A check list of items of interest to Financial Executives

CREDIT REGULATIONS: Regulation X was amended on March 5, 1951 by adding sub-section (p) to section 6 to provide for defense area housing. Regulation W, governing consumer credit, was altered on February 26 by Amendment No. 2 by adding sub-section (1) to section 7 which exempts certain short term non-renewable lease contracts which do not extend beyond three months. Part 4 of Regulation W, governing calculations of down payments for automobiles was interpreted by the Federal Reserve Board on February 26 indicating that appraisal guides shall be used as the basis for the price regulation not including anything added for radio and heater.

RENEGOTIATION OF PREPAREDNESS CONTRACTS: The House and Senate Conference Committee on March 6 reached an agreement on renegotiation legislation (HR 1724). The bill as now agreed upon must go back to the House and Senate for action before it can be sent to the White House. The bill as agreed upon by the Conference Committee exempts from contract renegotiation all payments and accruals received by a contractor or sub-contractor in any one year if the total does not amount to more than \$250,000. The House bill had placed the exemption at \$100,000 while the Senate advocated exemption of \$500,000, the \$250,000 figure being a compromise. The bill sets up a new five-man board to handle contract renegotiation proceedings and provides an exemption for a considerable list of agricultural products, such as raw cotton and wool.

PAYMENT BONDS ON DEFENSE CONTRACTS MODIFIED BY EXECUTIVE ORDER: Order 10210, dated February 2, 1951, and published in the Federal Register authorizes the Department of Defense to make advance payments on government contracts, to proceed by letters of intent, to modify the contract price, and especially provides as follows: "Advertising, competitive bidding, and bid, payment performance or other bonds or other forms of security need not be required."

Note the words "need not" in the above. During the last war performance and payment bonds were discretionary with the procurement officers. As the waiving of payment and performance bonds increases the credit risk suppliers of materials for government contracts should be especially alert to ascertain the credit standing of contractors and sub-contractors and to ascertain whether or not the payment bond has been waived by the procurement officer.

ESCALATOR PAY RISES APPROVED: On March 1 Eric Johnston, Economic Stabilization Administrator, approved cost of living wage increases under Escalator Clauses signed before January 25, date of the wage freeze.

CEILING PRICE REGULATOR No. 7 ON RETAIL PRICES: This regulation announced by the office of Price Stabilization on February 27 covered a schedule of retail prices. Copies of the text of this regulation may be obtained from the Government Printing Office in Washington by asking for Title 32-A, Chapter 3, CPR 7 Retail Selling Prices on Certain Consumer Goods. This regulation covers the operation of some 200,000 large and small retailers. The order covers clothing, household, textile commodities, yard goods, furniture, rugs, and lamps. Items not covered by the order include fur garments, jewelry, large appliances, housewares, automotive equipment, cosmetics, lumber, hardware, food, drugs, beverages, all of which items remain under the straight freeze order.

Everybody knows about factors. They're—well, they're factors. They factor. To clarify the actual function of the factor and his operations here is an account of

The factor at Work

by **RAYMOND V. McNALLY**
C. A. Auffmordt & Company, New York

APPARENTLY theoretical discussions of the factoring business stop short of completely satisfying the curiosity of business men, public financiers and students of business administration, for many of them still have but a hazy concept of its exact nature and its contribution to economic life. And this despite the fact that the factor has been working quietly but earnestly in the United States for well over a century and the fact that his origins can be traced back thousands of years.

As an institution, he is peculiarly at home in a dynamic, mass-producing economy whose unstable characteristics have increased loan risks and emphasized the need not only for equity capital but also for risk-limiting devices such as accounts receivable financing. But unlike the commercial discount companies and the commercial banks, accounts receivable financing by the factor is almost invariably combined with his assumption of the credit risk on the client's customers.

Nevertheless, the mere noting of this additional function does not begin to describe the essential characteristics and functions of the factoring business. At the same time, many years of experience in attempting to explain the principles of factoring to laymen have convinced the writer that no better method of instruction can be devised than to describe the actual *modus operandi* of a factor—in other words, the day-to-day transactions that arise between the factor and his client.

Thus we shall start at the very beginning with the drawing up of a contract.

The form of contract

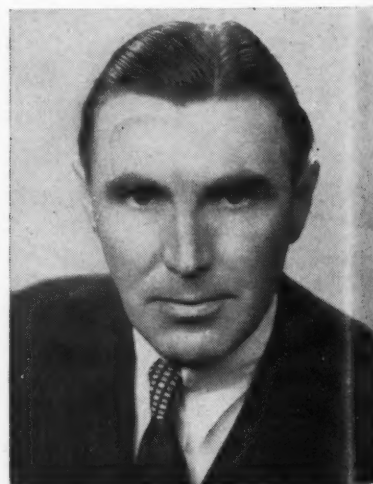
Some factors rely on a printed form of contract whereas others prefer a simple letter embodying the duties and obligations of each party. The contract of course is drawn up to fit the particular requirements for the client, who may be a manufacturer, converter or jobber. Factoring is concentrated chiefly in the textile industry which, by its very nature, lends itself most readily to this type of financing, although factors extend their services also to such varied lines as rubber goods, paper, glass, petroleum products, lumber, coal, metal products, etc.

But whatever the industry may be, the basic requirements of every

business are: (1) a continuous flow of working funds so income can meet outgo; (2) conservation of capital.

A well managed enterprise can usually achieve these objectives unless its projected sales program is too great for its working capital. In the majority of such cases, the factor can help the client to realize his plans merely by substituting cash for the accounts receivable and assuming responsibility for the solvency of the purchasers. However, it is not technically correct to say, as some writers claim, that this increases the client's working capital. The working capital is merely made more effective and profitable, since liquidizing the working funds and quickening the cash flow enable the client to transact a larger volume more safely and to meet his obligations as they mature. These services are covered in a contract.

Raymond V. McNally is a credit executive of C. A. Auffmordt & Co., with whom he has been associated during practically his entire business life. He attended Fordham University and Pace Institute and is a member of the New York Credit and Financial Management Association on whose committees he has frequently served. He is well-known as a writer and lecturer in the field of economics and is a director of the Robert Schalkenbach Foundation, publishers of economic literature. He is a member of various economic research organizations.



On our part we undertake as follows:

1. To discount, if you so request, the net amount of your Accounts Receivable covering sales of your merchandise provided such sales have been submitted to and approved by us as to customer's credit and that invoices thereof with shipping documents shall have been delivered to us and provided further that we have sufficient security to cover us against eventual returns and other charges.
2. To be responsible for the payment of all such accounts, but such responsibility covers only the solvency of the purchaser and is effective only upon the unconditional acceptance of the merchandise. We reserve the right to cancel our approval and undertaking before the delivery of the merchandise in case we consider the purchaser's solvency to have become impaired.
3. To render and collect in regular course of business, accounts of your sales and keep proper records of such collections.
4. To render monthly account sales made up as of the average due date plus ten days. Also, to render accounts current every six months as of May 31st and November 30th, which accounts current shall become final and binding unless objection is made within thirty days from date of mailing to you.

On your part you undertake, in consideration of the foregoing, as follows:

- A. To assign to us all the accounts receivable or other proceeds resulting from your sales, whether now existing or hereafter arising, and you do hereby assign the same to us.
- B. To deliver to us daily invoices for rendering to customers as soon as the goods are shipped, together with copies of such invoices and original shipping documents of the merchandise, and also a daily list of your sales upon which there shall be placed an assignment in a form satisfactory to us, of the accounts listed; *provided* that if such an assignment of any account is not so given, this agreement shall be deemed such an assignment. Stamps for mailing of invoices will be supplied by us and charged back to you.
- C. To print upon each invoice rendered to customer a statement in form satisfactory to us, to the effect that the account represented by such invoice is assigned to and payable to us only.
- D. You shall submit to us for our approval of customers' credit all proposed sales before delivery of the merchandise, and our credit responsibility applies only to sales

C. A. AUFFMORDT & CO.				LIST NO. <u>135</u>	
FACTORS FOR <u>John Doe & Co., Inc.</u>				NEW YORK <u>Nov. 15, 1950</u>	
We approve credit of the following orders; terms and amounts, for immediate shipment.					
Orders not approved are not our risk.					
NAME	ADDRESS	TERMS	AMOUNT	Delivery Date	Checked by
Brody Bros.	260 Broadway Providence, R. I.	n/10 EOM	\$630.00	Dec.	
Frank Morgan Mfg. Co.	30 S. Paca St. Baltimore, Md.	"	800.00	Nov-Dec.	
The Peerless Mfg. Co. Inc.	315 W. 35th St. New York, N. Y.	"	450.00	Dec.	
Jos. H. Brody & Co. Inc.	6 Langham St. Rochester, N. Y.	"	800.00	Dec.	
Chas. W. Fisch	709 Hamilton St. Allentown, Pa.	"	550.00	Dec.	
Benj. Steele & Co.	860-5th Avenue Pittsburgh, Pa.	net 30	600.00	Dec.	
F. M. Dowling	105 Main St. Akron, Ohio	net 30	300.00	Jan.	
Stanley Garment Co.	304 W. Ninth St. Kansas City, Mo.	n/10 EOM	325.00	Dec.	
National Jobbing Co.	166 W. Wisconsin Av. Milwaukee, Wisc.	"	875.00	Dec.	
American Jobbers, Inc.	5605 Grand Ave. Duluth, Minn.	"	700.00	Dec.	
Geo. A. Smith & Co. Inc.	1215 W. 6th St. Cleveland, Ohio	"	450.00	Dec.	

Exhibit A

- so submitted and approved by us in writing.
- E. In case any invoice or account is paid direct to you, you shall receive such payment as our agents only, and turn over the same forthwith to us in the identical form in which the same is received, and you hereby authorize us to sign your name to such endorsement as may be necessary to collect the same.
- F. To make daily reports to us of all credits, allowances and returns of merchandise with the reason therefor.
- G. Accounts not paid at maturity for any reason, except the insolvency of the purchaser or the purchaser's inability to pay where we take the credit risk, may, at our option, be charged back to you in our accounts, and you shall hold us harmless from any costs or expenses in connection therewith or with the collection thereof, and if you shall thereafter collect any sums on such accounts, you shall

- turn over such collections to us and receive credit therefor.
- H. In case any merchandise, upon the sale of which you shall have received the advance above provided for, is rejected by the purchaser, you shall immediately report the same to us in writing, whereupon the amount advanced thereon, may, at our option, be charged back to you on our account, and upon the merchandise so rejected coming into your possession, the same shall, if requested by us, be set apart from other stock in your possession and is hereby pledged to us as further security for our advances, and shall be held by you as our agents, and subject to our order, and you shall be liable for the repayment of such advances.
- J. All of your business shall be done through us under the terms of this agreement and not otherwise.

Both parties agree as follows:

- I. Interest at the rate of Six (6%)

Per Cent per annum shall be charged pro and con. We may remit to you any amounts due as per Account Sales standing to your credit, and you may at any time pay any balance owing to us in whole or in part.

- II. In case at any time, by reason of returns of merchandise or otherwise, the security as mentioned in paragraph 1 of this contract has, in our opinion, become insufficient, you shall assign other accounts receivable as the same shall come into existence without being entitled to advances thereon until our security shall have been reestablished.
- III. You agree to pay us and we shall be entitled to receive and charge in our accounts as compensation for our services hereunder a commission of Per Cent on the net amount of your sales.
- IV. This agreement shall commence on the day of and shall continue until terminated by either party hereto upon Ninety (90) days' notice in writing to the other. Should you become insolvent or make a general assignment or deed or trust for creditors or a receiver be appointed for you or should you commit any acts of bankruptcy, we shall have the right to terminate this agreement immediately.
- V. Upon the termination of this agreement we may withhold sufficient funds to cover us against eventual merchandise claims, and a final accounting shall be rendered as soon as practicable thereafter.
- VI. This agreement is made in the State of New York and is to be construed and governed by the laws of said State.
If the foregoing is acceptable to you, please so signify by signing the acceptance at the foot hereof and returning one copy so signed to us.

Yours very truly,

Name of Factor

By:

ACCEPTED AND AGREED TO:
Name of Client

By:

Client provides own financing

Before reaching the end of this contract, several interesting thoughts should have occurred to the reader. First, that the client, in a sense, provides his own short-term financing, for it is generated by his own sales. This means that accounts receivable financing proves less costly than other forms of fi-

nancing because it is geared closely to sales and rises and falls with the variations in the client's volume.

If, for instance, a client relied on a bank, he would have to borrow more than his needs because the bank usually requires a compensating deposit, and the loan may run for 90 days. In other words, he cannot borrow and repay daily as he needs the funds. On the other hand, the factor requires no minimum balance aside from a reserve to cover him against possible returns of merchandise or other offsets to the receivables. This reserve is calculated as a certain percentage of the net accounts receivable credited to the client and usually amounts to 10 or 15 per cent but might be more or less depending on the kind of product the client sells and on the nature of his market.

Frequently the factor advances the maximum of 90 per cent of the net receivables and even 100 per cent in some cases. Overdrafts are also permitted to clients whose financial condition is unquestioned. In fact, the factor exercises considerably more flexibility in his relations with the client than any other financial agency. And just as the percentage of advance may vary with different clients, so does the commission charged by the factor. It ranges from slightly under 1 per cent to 2 per cent and is fixed according to the volume of business transacted by the client, the type of product, and the kind of trade he sells.

Overhead is reduced

Another thought that should have struck the reader is the reduction in overhead for the client through avoiding collection expenses and credit losses, not to speak of the great saving in bookkeeping costs. Still other economies spring from the client's ability to take trade discounts by cashing his sales; to make advantageous purchases of raw materials; and to use part of his working capital, if necessary, to buy new machinery. And above all these considerations, the client is free to concentrate on production and distribution. Under prevailing economic and political conditions, this is most imperative, for business men must now devote more time and energy to research, to human relations, to a

study of tax and labor laws, and a host of government decrees and regulations.

Objections to factoring

But on the other side of the ledger we still hear echoes of the criticism that an enterprise discounting its receivables with a factor or any other financial agency suffers a lowering of its credit standing. This notion is based on a static concept of business, since the items in a balance sheet submitted by an applicant for credit are viewed as stationary figures that are important *primarily* from the standpoint of their liquidating values. Thus it is believed that if the applicant discounts his receivables, these assets are lost to his creditors.

But here two facts are completely overlooked. He receives cash for the receivables which he puts to work in production and distribution; and besides, by keeping his assets liquid he is better able to meet his obligations. During the last two decades, however, this old fallacy has been steadily losing ground under the impact of greater sophistication and understanding on the part of business men and bankers.

When, therefore, the owner of a business is convinced of the value of the foregoing benefits, he signs the contract where indicated in the illustration and returns one copy to the factor. A notary public then furnishes both parties with documents attesting to their signatures, and these are attached to the contract.

The credit department routine

On the date specified in the agreement, the daily transactions get under way. The client first submits copies or extracts of customers' orders to the factor who usually provides forms for this purpose. Only in special cases does the factor want to see the original orders. Otherwise, the client uses a form like Exhibit A on which to give the essential information: the names and locations of the customers, the amounts of the purchases, terms, delivery dates, etc.

He fills this out and sends it in duplicate direct to the credit department for approval. If the credit of the customer is satisfactory, a mem-

(Continued on page 24)

What the Department of Commerce Is Doing to Aid SMALL BUSINESS ON CONTRACTS

by E. H. LANE

Special Assistant to the Administrator for Small Business,
National Production Authority, Department of Commerce

WITHIN the last few months, a new agency of the Federal Government, the National Production Authority of the Department of Commerce, has begun to play an increasingly important role in the national life. Established by Secretary of Commerce Sawyer to assist him in carrying out his functions under the Defense Production Act of 1950, the NPA has the responsibility of seeing that our defense needs are met, with minimum disruption of the civilian economy.

As citizens and as businessmen, the members of the National Association of Credit Men will want to know the ways in which NPA is working toward its objectives. As credit men who have close relationships with small businesses, they also will want to know how NPA, in all its activities, guards the interests of the small businessman and lends assistance to him. The better informed they are about NPA and its small business program, the better they can serve their small business customers.

The operating program of NPA is based on the requirements of the rearmament effort. The NPA must see that these requirements are met—in full and on time. Further, it must see that the supply of critical materials, products and services remaining after defense needs are met are distributed equitably for non-defense uses.

Priorities and allocations

The diversion of critical materials, products and services from civilian to military uses is being accomplished through a system of priorities and allocations. Two major ac-

tions in this area have been the issuance of regulations limiting inventories of materials in short supply to a practicable working minimum, and establishing a broad system of priorities to assure the right of way to defense orders with minimum disruption of production schedules and civilian supply.

Generally, it has been the policy of NPA to apply controls to raw materials, instead of eliminating specific non-defense items in which these materials are used. As military requirements have increased, however, it has been necessary to ban the use of certain critical materials in specified non-essential items.

NPA clearly recognizes the fact that small businesses make up a vital part of our total productive capacity, and therefore must be safeguarded.

Small business problems

In planning its orders, NPA always takes into consideration the special problems of small business. Each order provides for these problems, by exemptions for small users or by other provisions. NPA Order M-6 is especially designed to aid small businesses. It requires steel producers to make monthly allotments of steel to steel distributors, since many small businesses depend upon steel warehouses for their supplies. The order also places a ceiling on priority defense orders which a steel warehouse must accept, in order to maintain, insofar as possible, the normal pattern of distribution.

At the same time that it has been diverting materials and services to defense needs, NPA has been taking steps to increase national productive capacity. As great as is our present productive capacity, it nevertheless

must be increased, if both defense and essential civilian needs are to be filled. The NPA is actively aiding in this expansion.

An important NPA function in this regard is to review and make recommendations concerning applications for Certificates of Necessity under the Internal Revenue Act of 1950 and for direct government loans for defense purposes under Section 302 of the Defense Production Act of 1950. A Certificate of Necessity gives the owner of a necessary defense facility the privilege of amortizing a percentage of the cost over a five year period. Upon certification by NPA, direct government loans for necessary defense purposes may be made through the Reconstruction Finance Corporation. Special consideration is given in certifying such defense loans to the need for and feasibility of the project, the competence of the management, and the elimination of bottlenecks in necessary production and services. Among the purposes for which loans may be made are expansion of plant capacity, development of manufacturing processes, or production of essential materials. A condition of such loans is that the funds must not be available to the applicant from private financial sources on reasonable terms.

... and potentialities

In passing upon applications for Certificates of Necessity and for direct loans, NPA again is mindful of the interests of small business. It takes into consideration, in each instance, whether or not the applying company could subcontract with small businesses instead of expanding as proposed; whether the pro-

posed expansion would tend to create or increase monopoly or dominance in the particular industry concerned, and what effect, if any, the proposed expansion would have on the permanent competitive position of small businesses within the industry.

To further insure full consideration of the problems of small business and the greatest possible participation by small business in the defense effort, NPA has established, as one of its major units, an Office of Small Business. This office is an outgrowth of the former Small Business Division, Office of Industry and Commerce, Department of Commerce.

The Office of Small Business has four divisions: Procurement Assistance, Economic and Production Research, Materials and Equipment Assistance, and Management Assistance. Here, briefly, are the major ways in which each division serves the small businessman:

Procurement assistance division

It maintains constant contact with Federal government purchasing agencies to encourage the awarding of a fair share of contracts to small businesses, and to discourage practices which lessen the opportunity for small businesses to obtain such contracts.

It publishes a daily synopsis of bid invitations issued by the procurement offices of major Federal agencies and a weekly synopsis of Defense Department contracts which are of a non-secret nature and which are in excess of \$25,000. The daily synopsis is particularly valuable to small manufacturers who wish to bid on government prime contracts; the weekly synopsis to manufacturers who are seeking subcontracts. Both publications are available on a "pick-up" basis at Department of Commerce Field Offices and at more than 5,500 cooperating offices, including chambers of commerce, banks, trade associations, and other public-interest organizations.

This NPA service is one of those which the credit man might well call to the attention of small manufacturers with whom he deals. Many of them undoubtedly will be seeking government prime contracts or subcontracts from prime contractors as materials

for their usual products grow scarce.

It publishes a Government Procurement Manual which lists items and classes of items and services purchased by the major procurement agencies, the locations of the purchasing offices of the agencies, and other information. The manual is available for reference purpose at all Department Field Offices and at a limited number of cooperating offices.

It advises small plants on the procedure for having their facilities added to the Munitions Board's list of planned wartime materials suppliers.

It works with Federal government specifications boards and committees to prevent purchasing specifications that tend to discriminate against small business; to simplify language of the specifications and eliminate unnecessary tolerance requirements; and, in general, to increase the opportunity for small businesses to manufacture items for the Federal Government.

Economic and production research division

This division reviews small business considerations in connection with applications for Certificates of Necessity and direct loans for defense purposes.

It participates in the development of NPA materials controls orders, taking into consideration the extent to which small businesses use the particular materials, the nature of the use made of them, and the general position of small businesses within the industries which will be affected by the order.

It reviews proposed membership of Industry Advisory Committees, which advise NPA in the formulation of orders affecting their industries, to insure adequate representation for small business on the committees.

It conducts research into Census data and other material to determine the true position of "small business" in 452 industry groups.

It studies the special financial and tax problems of small business and reviews proposed legislation to determine its effect upon small business.

Materials and Equipment assistance division

This division receives and reviews requests from small businesses for assistance in obtaining adjustments to NPA materials orders or in obtaining scarce materials and equipment; obtains additional data from applicant, if needed; presents applications to appropriate Industry divisions of NPA.

Management assistance division

The Management Assistance Division prepares "Small Business Aids" and "Defense Production Aids." Small Business Aids are short, concise articles dealing with sound business policies and operating methods and are on such topics as inventory control, credits and collections, cost records, and pricing policies. Defense Production Aids deal with such subjects as selling to the government, plant maintenance, and industrial techniques. Copies of both types of Aids are available from all Department of Commerce Field Offices. Associations and companies which have national distribution can be placed on a Washington office mailing list to receive all Aids.

It prepares, in question and answer form, explanations of NPA orders of particular interest to small business. Copies of these explanations will be available in the near future from Department Field Offices.

All of the services of the Office of Small Business, as well as all other services of NPA, are available through the Field Offices of the Department of Commerce. Members of the National Association of Credit Men who are not already acquainted with the Field Offices in their areas should visit them and learn of the full range of services offered. They also should feel free to refer their small business customers to the Field Office for assistance with any problem relating to NPA.

The credit man will find the staff of the Field Office in his area ready and anxious to serve the small businessman. Like the Washington staff of NPA, it knows that small business, a bulwark of our free enterprise system, must be kept strong and must be given every opportunity to contribute in the fullest to the defense effort.

The Why, When and How of Personal Interviews with Customers

by O. E. BARNUM

Credit Manager, United States Steel Company, Pittsburgh

I

Why make credit calls?

THE credit call develops evidence of a firm's adaptability to the economy as indicated by its past performance and its present position. The personal interview with the customer permits first-hand appraisal of management personnel, plant, equipment, products, procedures, and general layout; it provides an ideal basis for judging the extent to which the company has kept both the managerial policies and its management people abreast of current conditions.

Specifically, there are at least six basic purposes in making credit contacts at the customer's place of business. Any one of these purposes justifies a call.

1. The most important reason for making a credit call is to perfect credit arrangements.

2. A personal interview with the customer may be for the purpose of further appraisal; that is, to relate the balance sheet and profit and loss data to the actual operations.

3. The credit department has a distinct function of counseling with the customer, offering financial and management advice.

4. The personal customer contact may be made for competitive or commercial reasons.

5. The forward-thinking credit man will make credit calls to develop his knowledge or acquaintanceship, just to know more about his accounts in order to be prepared if trouble develops, or if he is called upon for assistance (additional time, etc.). A skilled medical man practices preventive medicine—a skilled credit man anticipates trouble.



Orrin E. Barnum was born in Detroit. He has been with the U. S. Steel Company—and its predecessor, Carnegie-Illinois Steel Corporation—for six years following ten years in credit, financial, banking and industrial fields. He is assistant director of the Graduate School of Credit and Financial Management and a member of the Credit Association of Western Pennsylvania. He is chairman of the finance committee, Borough of Churchill, Alleghany County, Pa., and president of the Board of Trustees of Beulah Presbyterian Church.

6. Credit calls made just to cement relationships are valuable. Further dealings are easier, and correspondence and phone calls are more productive. Financial statements are more readily available, often without solicitation.

A discussion of the reasons for making credit calls is not complete without mention of the broad possibilities of personal development to the credit man himself in the field of customer contacts. The ability to successfully handle the personal interview is a mark of a mature credit man.

Copyright United States Steel Co.

II

Benefits to all

The information obtained directly from the customer, being first-hand, is not subject to the errors and misinterpretations which are often the case when second-hand. Then, too, the customer is, under normal conditions, vitally interested in making certain that the information upon which his credit is predicated is correct. It is axiomatic that he should not rely upon others, the mercantile agencies, his suppliers, or his bank, to establish for him anything so vital to his success as his credit standing.

In the direct approach, the credit man is able to form his own opinion of the one or more individuals in control and to personally feel the whole general atmosphere of the business. Also, the customer has the opportunity to become acquainted with the credit man and to talk over his affairs in a more intimate manner than he perhaps could ever do in correspondence or by telephone.

Meeting the customer face to face is invaluable. The gleam in his eye, the clasp of his hand, the exposition of his frame of mind, the orderliness of his place of business, or lack of it, are all informative. To be sure, these impressions should be substantiated by things that are concrete, as financial statements and bank and trade information. Together, the appraisals made during the call and the information obtained of a factual nature, make for sound decisions.

There are tangible ways of measuring the value of credit calls; for example, the perfecting of a

credit arrangement on the business then under consideration. However, the values are frequently of an intangible nature and any measurement that we may have is by indirection. To illustrate, the sales people encourage as many credit contacts as is possible, not only with those having financial problems, but with the better accounts. This indicates to us that there are benefits derived from the discussion of mutual problems, current economic conditions, and an exchange of ideas.

Many customers find it of value to have a direct and personal speaking acquaintance with the credit department. Such a relationship simplifies the explanation of the problems, the presentation of ideas and the analysis of the company's financial position. Again, from the customer's viewpoint, he has the opportunity of chatting with men who are familiar with the activities, the strengths and weaknesses of his industry. This is not an avenue by which confidential information is divulged, but rather the credit man, with his knowledge of competition in the industry, proves a sounding board for the customer's plans and thinking. Furthermore, the credit man is often better informed on some current development, such as financing plans, trends in the industry, etc., and is qualified, therefore, to stimulate a reappraisal of that particular customer's situation.

Personal friendship

When a cordial personal relationship exists between the credit department and the customer, a credit man is in a position to sit down with the customer, review the progress that has been made, and to contribute directly to the success of the customer's business. The ability to develop good will and a sense of mutual understanding with one's customers is without doubt, a prime accomplishment in so far as the credit department is concerned. Once the credit man comes to know his accounts in a personal way, many problems can be solved which might require lengthy and complicated correspondence. Whatever the problem, the customer usually welcomes a chance to have a friendly and frank

credit discussions with a supplier. When the account has been cultivated on a friendly basis and the customer is convinced that the credit man is his friend, the solving of a problem is simplified.

The credit man who knows his accounts, and is qualified to act as a business counselor, is providing not only a valuable service to the customer, but, in so doing, is strengthening the position of his own company. The ability to advise the account regarding credits, collections, insurance, and general economic conditions is necessary in the make-up of the good credit man. In counseling with the customers, answering questions, giving advice on accounting and financial matters, much information is developed of a credit nature that may never appear in any credit report. Through the personal contact the credit man is in a position to secure a great deal more information than is available through the ordinary channels of credit investigation. On a confidential basis, the credit man may be informed of future plans that are not public information.

III

Information that should be developed

In considering the information that will normally be developed in a credit call, let us use as an example the most important reason for making a credit call, which is to perfect credit arrangements. An order has been received involving a certain number of dollars and the credit man has been unable to gather sufficient information through the normal sources available to him to approve the business on credit terms. A personal call, therefore, is arranged to enable the credit man to develop further information to permit the assignment of terms. Stating the situation in simple terms, the call is made to develop sufficient information to approve the \$'s of credit involved in the order.

Most customers are vitally interested in providing the supplier with such information as is necessary for credit approval of the business involved. Seldom do we find

the businessman who misinterprets the credit man's visit as a reflection on the creditworthiness of his company. The cases are rare, but we have all seen the occasional customer who is suspicious of the credit man and the purpose of the personal call. Here we develop another reason for making personal credit calls; that is, to eliminate apparent misunderstandings or suspicions. The development of the friendly personal relationship we talked about earlier is naturally more difficult on calls such as these. We might refer to these misunderstandings as a barrier between the credit man and his customer.

The S's of information

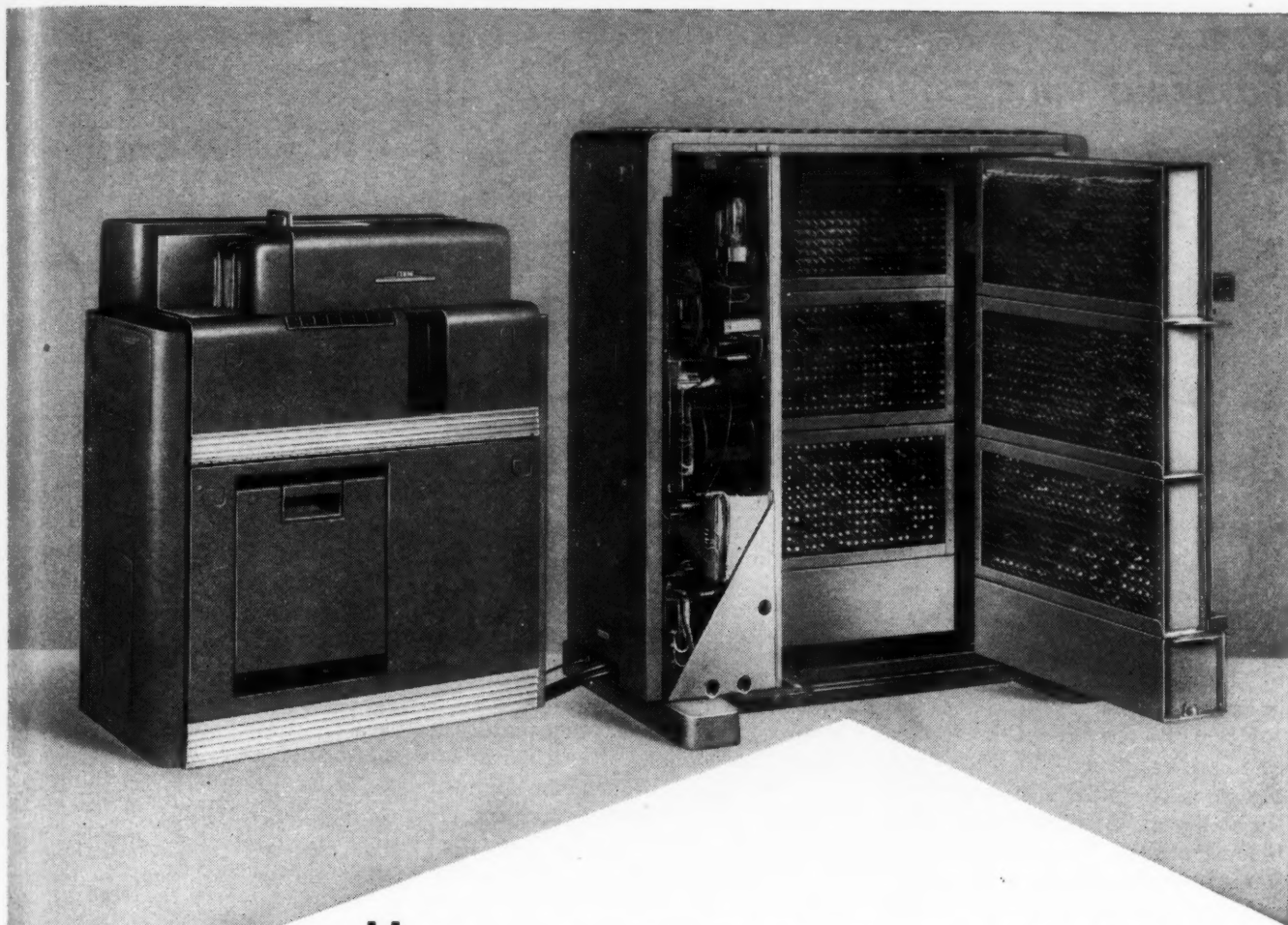
In selling himself and in developing this important friendly relationship, the first order of business is to remove this barrier. Let us use the \$ sign as the symbol to relate the purpose of the call and the information which is to be developed. Pointing toward the credit approval of the \$'s involved, the credit man will endeavor to remove the barrier or bars between himself and the customer, and then proceed to develop the additional credit information. \$'s with the barrier or bars removed, so we have the S's of credit information.

Soul—the soul of the man or men in control of the business—the personal factors—moral character—general reputation—honesty—managerial ability—resourcefulness—adaptability.

Solvency—or the financial factors involved. Much of the actual importance of the solvency factors lies in the fact that they are often the best evidence available of several of the soul or personal factors involved. Good records and favorable financial statements are prima facie evidence of good management.

System—the economic factor. The soul and solvency factors present a well-rounded account of the managerial, physical and operating characteristics of the customer's business. The factor which remains for consideration, the economic system under which we operate, and the influencing factors of the business cycle, are largely outside the business and usually beyond the

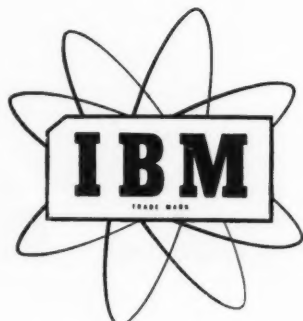
(Continued on page 26)



How

ELECTRONIC

Accounting is Working for Business



INTERNATIONAL BUSINESS MACHINES CORPORATION

590 Madison Avenue, New York 22, N. Y.

By combining the flexibility of punched cards with the versatility of electronic tubes, IBM Accounting has developed more speed . . . greater ability to do the complete accounting job. Now it turns out regular work faster . . . prepares reports, records, and analyses never before available . . . quickly and economically.

Experience has shown thousands of businessmen that IBM Punched Card Accounting is the best way to process accounting data . . . to produce the day-to-day records that business requires. IBM's combination of electronic accounting machines and punched cards brings the advantages of both to every industry, whether it be banking, brokerage, distribution, insurance, meat packing, petroleum, railroad, or any other.

One of IBM's electronic machines is the Electronic Calculating Punch, pictured above. The continuous *practical* application of electronics to quantity-produced IBM machines is resulting in reduced costs to business . . . better service and better products.

**To avoid unnecessary risks
in foreign trade insist on**

Letters of Credit for Exports

by A. J. KELLEY

Treasurer, D. C. Andrews & Company, Inc., Chicago

THE INSTABILITY of economic conditions in practically all foreign countries today necessitates extreme caution and careful consideration of several factors by any credit man planning to deal in export credit.

Normally our losses in foreign trade are less than .01%. Today that picture is out entirely, and with the variability of exchange rates it has become unwise to extend credit to some foreign countries. As export and import freight agents, we do still have some clients doing business on credit in foreign countries. However, these are old firms which still do so only to long-established foreign customers as a favor, and with only the hope that conditions will improve, and that they will be able to retain old friends and customers.

A question of exchange

The great danger in extending any foreign credit now is that, although the customer may be honorable and reliable, the country in which his firm is located may not have sufficient exchange. In that case, their banks simply cannot pay firms in this country until exchange is available. This is particularly true in Argentina; the dollar situation has improved somewhat in Brazil, Peru and Colombia. Considerable improvement is expected in Chile, since the production of their mines is in demand here for the manufacture of war materials. As our government's war purchases increase, so should Chile's purchasing power.

Most countries would buy all we can produce if they had sufficient exchange to do so. They were shut off

from American goods for a long time during the last war when our production of civilian goods was decreased. The United States once exported \$14 billion dollars a year, while we were importing only half that amount. Due to this terrific drain on their capital, other countries soon had no dollars with which to buy our goods. Then the British pound, which had been pegged at one price all during the war, was lowered, and all the other European countries had to lower the value of their currencies to maintain the ratio.

Exchange is still variable

As many credit men will remember, this drop in the exchange came very suddenly. Today in many countries the rate of exchange is still variable. An American firm extending credit to a company in one of these countries could lose money even after the debtor has paid the account, for if the value of the foreign currency depreciates before it is transmitted to this country, the creditor is the loser.

This situation makes letters of credit the only safe basis on which to do business with other countries. Without a letter of credit, there is no guarantee that you will get full payment in dollars. Most firms now doing business outside of the Marshall Plan countries are doing so only on letters of credit.

How they work

In order to secure a letter of credit, the customer must first have applied for an import permit from his own government. These are now issued

by most countries only for necessary commodities, and all such requests are carefully screened by the foreign governments.

Assuming that your customer's permit has been issued, he then goes to his bank and tells them that he wishes to send an American firm so much in dollars. The bank gives him a "letter of credit" certifying that he has been authorized to transfer that amount to the American firm, under specified terms.

In cases where the foreign government refuses the import permit, funds in American money cannot be sent out of the country for payment. The only alternative the American firm has to accepting payment in depreciated currency is to allow the payment of the debt to remain on deposit in the customer's country. Some firms used these deposits for their representatives' travel expenses and other costs within that country.

Since this practice prevented the spending of dollars by representatives of American companies, how-



A. J. Kelley

ever, many foreign governments now prohibit use of deposits within the country for this purpose. Now a company selling products to a foreign customer, other than under a letter of credit, must leave the payments on deposit until such time as exchange becomes available, and in some cases this means payment at the then current exchange rate.

Imports now exceed exports

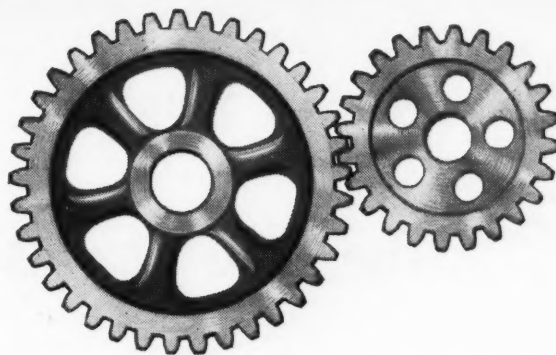
Last August, for the first time since 1937, the United States imported more than they exported. Steel is scarce everywhere in the world, and we are importing a considerable quantity. Wool is very short, too. Our productive capacity at present cannot keep up with the demand, and as the army increases its equipment orders the sales to foreign countries will be restricted even more than they now are. Thus, with imports increasing, available exchange conditions should improve.

In dealing with foreign accounts today, the credit man must be most cautious, and get the best credit information available. He must study exchange conditions carefully, and, in all sales on sight draft or open account basis he should be sure they are sufficiently stable to hold until the account is paid. With all the facts of the situation in his customer's country at hand, he still must exercise his own judgment in deciding how much of a chance to take.

A further deterrent to export sales will be noticeable as more and more commodities are returned to the list of products for which individual export licenses are required by the United States. This will be necessary to conserve our supply of essential goods for the re-armament and defense program.

Chicago: The February meeting of the Credit Women's Group of Chicago, held at the Illinois Club for Catholic Women, was sponsored by the Educational Committee.

Carroll A. Teller, a practicing lawyer, who is a member of the National Bankruptcy Conference and past president of the Commercial Law League of America, made some excellent suggestions on what a credit executive can do to help a distressed debtor.



Is your machinery insurance geared to present values?

Do you know what your machinery is *really* worth? You can't depend on "book" values. Charging off a fixed percentage to depreciation each year gives you only a theoretical figure which may be far below the actual value... *generally is!*

Yet it's important to estimate the actual value of your machinery, for two reasons:

(1) *To get adequate insurance protection for this big investment.*

(2) *To provide valid data for support of a possible claim, as required by insurance policies.*

To help you make an inventory reflecting real values, the Hartford Fire Insurance Company has prepared a booklet entitled, "*Your Machinery and its Actual Cash Value.*" It contains forms and examples which will help you to estimate the values needed for insurance policies and claims.

Send coupon for a free copy—it may save you a big loss!

Then see your Hartford agent or insurance broker about a sound program of insurance protection for your machinery. In more than 5000 communities you can find your Hartford agent by calling Western Union by number and asking for "Operator 25."

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY



HARTFORD

FIRE INSURANCE COMPANY

Hartford 15, Connecticut

Please send free copy of booklet "*Your Machinery and its Actual Cash Value.*"

Name _____

Firm Name _____

Address _____

City _____ State _____

For Building Material Suppliers:

The Lien Law is a Parachute

by VANCE S. TJSSEM

Vice-President, Pioneer Sand & Gravel Co., Seattle

If a building material supplier uses ordinary business caution and takes full advantage of his legal rights when necessary, it is my opinion he is in as good a position from a credit extension standpoint as are wholesalers of such items as textiles, foodstuffs and general merchandise, to name just a few. Then just why and how, you might well ask, do credit risks and losses enter the credit picture for the material dealer? The answer may be stated briefly:

Because he does not exercise reasonable caution and is unaware of, or neglects, his legal rights. His watchword should be: Use caution, and know your state's mechanics' lien law.

At the outset, may I suggest you look upon the lien law as a bomber pilot does his parachute: he doesn't expect to use it, but he wants to know how it works. Similarly, a good credit man should operate as though no lien law exists, yet know its provisions and limitations. You can't make money in court, to say nothing of the fact there isn't a lien law in existence that *guarantees* you will be paid in every case. Such laws merely present an *opportunity* to realize full or partial payment on an otherwise questionable account.

Precautions to take

Before going into the provisions of lien laws it might be well to discuss the precautions building material credit men might observe in order not to have to use their "parachute". Since performance and payment bonds constitute protection



Vance S. Tjossem has been with the Pioneer Sand & Gravel Company since 1928. In 1933 he was appointed credit manager and continued in that position until 1942 when he was elected vice-president. He is currently a member of the board of directors of the Seattle Association of Credit Men.

on public jobs and are not in general use on private work, these remarks will be confined to private projects where the general contractor deals directly with the owner. I recommend that investigation begin the minute a job is announced for bids and continue through to its completion in this fashion:

1—Learn the credit and financial standing of the owner, usually by using facilities of your local Credit Association, in order to determine if he is financially able to proceed with the work;

2—Judge the low bidder's offer; is he too low?

3—When the award is made, check on the contractor's ability,

job performance record and credit rating before selling him;

4—Check the legal description of the property, for there have been cases where liens actually were filed on the wrong piece of property;

5—Determine ownership of the property, for the man who ordered the improvement may not be the legal owner; for example, he may be buying the land on contract and in such a case your lien might apply only to the improvement; or, he may be the lessee, a fact which would alter your lien rights;

6—Check any possible encumbrances against the property to be improved and which might impair your lien;

7—Make work progress checks to keep abreast of the job;

8—If you are not being paid every month, learn why not; determine, if possible, whether other suppliers are being paid.

In judging whether an owner is financed adequately, we do lean somewhat on the judgment of the contractor. After all, the builder is in business to be paid and if his reputation is good and his credit rating acceptable, usually there is no reason to hesitate to supply him. It might be pointed out, however, that the lien law's protection means a safeguard in extending credit to those who otherwise would not be entitled to it. Actually there is not much more to be asked than the laws of some states which make the owner unqualifiedly responsible for all material bills. **The word of caution here is: know your state law, and know your owner.**

Bearing in mind that a lien should be only a "parachute", the last re-

sort in making a collection, poor credit practice is marked by failure to judge the contractor properly. There are salesmen who have a weakness for selling a man without regard for his inability to pay. To be a good credit risk, a contractor must have the equipment and ability to perform a job on a paying basis to himself. Contractors, now and then, get over-eager for a job and bid too low, which may mean they are going to be short of money, if not default entirely. And a few big jobs done at a loss can put even the most capable contractor in a poor financial position.

Then there is the contractor who can perform on the job, but is a poor all-around business man. Perhaps he is financing himself by payments from the owner, which can be a detriment to the supplier, or paying cash for some supplies and letting others carry him on their books until completion of the job. We have a stimulant that pays off, not only in situations like this, but as an everyday practice with all contractors:

We grant a two per cent discount for payment made by the 10th of the following month. This pretty generally removes us from the position of financing the contractor by carrying him beyond our usual credit terms. We have found that contractors not only welcome this discount, but pay their discounted accounts first. I know this is a controversial question, but it is my opinion all building supply dealers should grant a cash discount, simply because both parties gain from it. However, such discounts should be allowed only when they are earned by payment within the discount period, with none who stretch that time limit to 15 or 20 days. Cash discounts should stand as a reward for those who pay their accounts when they are due and as a penalty for those who do not. There was a tendency during the recent war to eliminate the cash discount, but in our experience the practice has proven so advantageous we recommended its adoption by all building material suppliers.

Lien laws in general

Although the individual unit sales of the material dealer are often quite large, he does not have to answer for a bill of goods on the shelves
(Continued on page 28)



CREDIT INSURANCE COMPLETES YOUR PROGRAM OF PROTECTION!

JUST as unforeseen events may destroy your goods while in transit, so can strikes, floods, lawsuits, tornadoes, material shortages, Government restrictions, etc., cause even your best customers to default in payment of their accounts.

That's why manufacturers and wholesalers are completing their insurance programs with American Credit Insurance. American Credit pays you when your customers can't . . . enables you to get cash for past due accounts . . . improves your credit standing with banks and suppliers (important benefits if you are operating at high volume with limited capital). An American Credit policy can be tailored to fit your particular needs

. . . insuring all, a specific group, or just one account.

"Why SAFE Credits Need Protection"

Send for our book, containing valuable information on planning sound credit policy, more facts about American Credit Insurance. For your copy, just phone our office in your city, or write AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK, Dept. 47, First National Bank Building, Baltimore 2, Md.



J. F. Fadden
PRESIDENT

**AMERICAN CREDIT
INSURANCE**



GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE

OFFICES IN PRINCIPAL CITIES OF
THE UNITED STATES AND CANADA

Granger H. Smith Wins Third Letter-Writing Contest

BACK in 1898 a monthly publication—the forerunner of **CREDIT AND FINANCIAL MANAGEMENT**—was issued by the National Association of Credit Men. It was a little 5x9 clip-sheet and a reader leafing through it would find much to interest him. Perhaps the most interesting thing he would discover about that little sheet was that credit executives were speaking and writing in those days about precisely the same problems that occupy the minds of today's credit executives. Apparently no generation really solves its own problems. Insurance, terms of sale, credit-sales cooperation, bankruptcy figured just as largely in credit discussions 53 years ago as they do today.

The setting of credit limits particularly occupied those early credit executives and to judge from the large entry received for the third letter-writing contest, which this publication has been sponsoring, so it is today.

As in the two previous contests the standard of the entries was high and the number large, and again the judges had a hard time deciding on the winner. On this occasion, however, there was greater unanimity in choosing the prize-winner than in either of the two earlier contests.

This was the third problem

"You have a customer who is growing and has always discounted promptly. You have never set a credit limit on this account. However, recently the size of his orders has increased substantially and you feel that the balance outstanding at the higher level is not warranted by the current financial information available. Write to the customer explaining that you are going to place a limit on his account and tell him why you feel it is necessary to place it."

The winner of the third contest is Granger H. Smith, controller, Buhner Fertilizer Company, Seymour, Indiana, a member of the Indianapolis Association of Credit Men. Mr. Smith was a member of the first graduating class of the Graduate School of Credit and Fi-

nanacial Management and the first winner of the Paul G. Hoffman award, founded in 1947 by Paul G. Hoffman, formerly president of the Studebaker Company and ECA Administrator, and now head of the Ford Foundation.

Two entrants tied for second

THIS IS THE WINNER

January 7, 1951

For quite some time the management of our company has been noticing the steady growth and progress of your business. It is a source of satisfaction to feel you have permitted us to share in it. The increasing volume of orders we are receiving indicates a close association which we value highly.

A word of appreciation upon your excellent paying record is also in order. We have never had any worries about your account on that score! We know you will continue to meet your responsibilities to the limit of your ability.

I have just finished looking over your current financial statement, however, and must mention several trends which could lead to future difficulty. You may be aware of them. While your gross sales have been growing, your inventory and accounts receivable have increased in greater proportion. Your new store building has attracted new customers, but the cost took a large share of your working capital and higher fixed charges are tending to reduce your margin of profit.

These conditions could cause you a great deal of worry if you allowed to get out of hand. In such a case, we would become involved also. It is with our mutual interests in mind, therefore, that I am temporarily suggesting a \$10,000 maximum account balance at any one time.

Within the next month, I am planning a trip in the territory and am looking forward to having a visit with you. We can discuss this matter more fully then. I am confident that some arrangements can be made if you feel this credit line is inadequate for the needs of your business.

Sincerely yours,
Jerome King, Credit Mgr.



GRANGER H. SMITH
Buhner Fertilizer Company
Seymour, Indiana

Granger H. Smith was born in Randolph, Vermont, and received his liberal arts education at the University of Michigan. He also completed courses in higher accountancy and office management at LaSalle Extension University. He has spent practically all his business life with his present company which he joined as an accountant in 1937. His present title is controller and assistant secretary. He is a member of the Indianapolis Association of Credit Men and serves on the advisory committee of its Feed, Seed and Fertilizer Group which is now being formed. He is also a member of the Seymour Chamber of Commerce and of several other civic groups.

place—E. A. Pendleton, Charles R. Hadley Company, Los Angeles, and L. E. Knowles, General Appliance Company, Omaha. Fourth place went to D. D. Kelly, The Galigher Company, Salt Lake City, who was the prize-winner in the first contest.

It is interesting to notice that all the entries on this occasion were lengthier than in the other two contests. This was, of course, due to the very nature of the problem.

This contest brings to an end the 1950 series, except for one little matter—the choice of the letter which will win the grand prize of \$100 to be awarded during the 55th annual Credit Congress in Boston, Mass., May 13-17. The National Publications Committee, which has been responsible for the judging, deserves a sincere thank-you for the time and effort they have given.

(See next page)

Here's how to get 20%, 30%, 40% more working capital— usually in 3 to 5 days

★ ★ ★

IF YOU NEED MONEY in a hurry to meet heavy tax payments, to hire more workers, to buy materials for "spot cash," to install cost-cutting equipment, to expand plant facilities, to speed fulfillment of Government requirements, **COMMERCIAL CREDIT** offers a simple and practical solution to your problem.

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Make certain now that you will have all the funds you may need later for normal business reasons or to do your part in the Government's rearmament program. Phone, write or wire the nearest **COMMERCIAL CREDIT CORPORATION** office below. Just say, "Send me complete information about the plan referred to in *Credit and Financial Management*."



COMMERCIAL FINANCING DIVISIONS: Baltimore 1

New York 17 ■ Chicago 6 ■ Los Angeles 14 ■ San Francisco 6 . . . and more than 300 other financing offices in principal cities of the United States and Canada.

THESE WERE SECOND

It is unusual writing to a customer regarding his credit when there is nothing past due on his account, and I therefore, trust that you will recognize the situation which warrants this letter.

Every business and every account, regardless of size, has a credit limit. Television has made credit limits a problem in the appliance industry because of the high volume involved. Our volume and our dealers volume increased tremendously with television purchases and sales, making a revision of all credit limits necessary.

We were happy to ship most of the order that you gave Mr. ———. Those shipments brought your present open account up to \$16,755.00. We are receiving additional shipments that include most of the items you have on order, but by shipping that merchandise your account will be increased to over \$20,000.00. I know you will agree that is a very large line of credit, and probably more than you will want to assume with definite due dates within thirty days.

On the basis of the financial information in our files, we cannot justify an open account line of credit beyond your present indebtedness without inviting criticism from our own bankers. You can probably remit for a substantial amount of your present account, which would simplify the matter and permit our completing shipment of your order without delay.

Another alternative is to floor plan part of our shipment. That can be done through the Appliance Discount Corporation (ADCO)—or through your own bank. Merchandise purchased on a floor plan basis provides the inventory that you may be seeking to guard against a shortage, and that inventory can be handled with a minimum of financial strain. If you want to use Appliance Discount Corporation financing, let us know and we will send you the necessary forms.

Your suggestions in this matter will be most welcome, Mr. ———. We trust that you will understand our position because we want to work with you—we want to build with you—we want to keep you supplied with PHILCO television receivers, and we frankly need your help to make all this possible.

May we hear from you promptly, as shipment containing the television receivers which you have on back order will reach us the early part of next week.

With kind regards,

January 23, 1951

It was in March of 1946 when you favored us with your initial purchase. Throughout the years following we have enjoyed a most satisfactory relationship.

Every concern welcomes new business and vigilantly watches its progress. It is, of course, an elementary fact that as your business successfully expands we are direct beneficiaries. In other words, a situation comparable to a partnership is mutually enjoyed.

Every phase of your activity has been carefully studied, and it is frankly admitted that your degree of success has been most gratifying. Up to now, all of your credit requirements have been commensurate with our knowledge of your financial condition, and consequently no thought has been given to credit limitations. Your last order—the largest in the history of our association—certainly gave our Sales Department the proverbial “shot in the arm.”

Most assuredly, this department does not wish to be considered a deterrent to sales. We do, however, sincerely want to afford both our company and our customer all the protection within our capabilities. With this thought in mind, we believe that, for the time being, a credit limit of \$7,500 would be just and equitable to both of us. This limit is as flexible as your balance sheet, and from time to time we should welcome being brought up to date so that adequate adjustments can be made.

With this letter goes our appreciation for your fine order and our genuine wish for your continued success.

Yours very truly,

AND THIS IS THE RUNNER-UP

Dear Mr. Blank:

It always gives us genuine pleasure to see one of our steady customers grow and prosper as you have done. Your consistently prompt payments and steady growth are tributes to your ability and we wish to sincerely compliment you on the enviable record you have established.

Your continuous support has indeed been appreciated and has engendered an earnest desire on our part to do everything we can to assist your further progress. We, therefore, feel it is our duty to call attention to any apparent conditions that may adversely affect you.

Needless to say, we have been extremely gratified by the substantial increases in the size of your recent orders. However, in a growing business like yours there is always the danger of expanding too rapidly, which inevitably leads to financial difficulties. With this thought in mind, it appears that your balance has reached a higher level than is safely warranted by the current information available to us, and for your own protection it seems advisable to place a limit on your account for the time being.

We realize there may be additional facts, of which we are not aware, that may fully justify increasing the size of your account at this time. If so, we will be most happy to receive any other information that may prove our judgment to be in error.

A relationship such as ours naturally develops mutual confidence and understanding and we are sure you will accept this letter in the same friendly spirit in which it is written, knowing that our decision is based on the firm conviction that we are acting in your best interests.

Sincerely yours,

Bulk Sale Could Be a Substitute For Bankruptcy

MOST credit men are familiar with the requirements in all the states (but differing in various details amongst the states) of notice to creditors where a sale in bulk of a merchant's stock in trade is contemplated. The purpose is to prevent the disposition of a debtor's assets without some opportunity to a creditor to take steps to collect his claim before the sale is consummated (where the debtor may be of such type as may leave for parts unknown as soon as he pockets the proceeds of the sale), or to give the creditor the chance to stop the sale in the event the purchase price is inadequate.

But the bulk sale (with compliance of the Bulk Sales Law) is being used to accomplish an entirely different objective in many cases. Norman Harris, Esq. of the Scranton, Pa., bar, in an article in December 1950 issue of *Commercial Law Journal*, shows how the whole procedure of a bulk sale, including notices to creditors and the other necessary requirements, may be used as an economical substitute for bankruptcy, with much less expense and with much less time involved.

How it works

Here is how Mr. Harris explains it. A debtor is unable to meet his obligations. He does not want to go through bankruptcy because of the time involved, the expense, the unfortunate publicity (even in proceedings for arrangements) and other reasons. Thus an inventory is taken of the stock in trade, fixtures and other assets. The liabilities are ascertained. The debtor and his attorney can therefore calculate an approximate settlement figure.

A meeting of creditors is then arranged, and after discussion and negotiations with the creditors, a settlement figure is arrived at. A purchaser is then obtained for a sum in cash which is sufficient to pay the unsecured creditors a stipulated percentage which corresponds to the

settlement figure. All the requirements of the Bulk Sales Law are then compiled with. After the waiting period (in many states five days, in others ten days), no legal action or bankruptcy action having been taken, the sale is completed. Checks are then sent to the creditors. The debtor's attorney endeavors to obtain a discharge for his client by including an endorsement on the backs of the checks as viz:

In consideration of similar acceptances by other creditors, the within check is delivered and accepted in full and final compromise settlement of any and all claims against (name of debtor).

Most creditors accept

As Mr. Harris points out creditors need not accept the checks with such endorsement. And a creditor is entitled to a check without such endorsement. Mr. Harris states that in his experience the overwhelming majority of the creditors accept the checks with such endorsement where they realize that the transaction has been in good faith and properly conducted.

Mr. Harris calls attention to the possibility of some debtor's using this method as a vehicle of defrauding creditors. He urges all lawyers to be vigilant and on the alert to prevent dishonest debtors from disposing of their merchandise and fixtures by sales in bulk for prices greatly disproportionate to their actual value. But he does hail this transaction as a method by which an honest debtor can achieve an honorable compromise settlement with the least expense to his creditors, and as one which can be accomplished in a few days' time.

—C. B. E.

Harry Voss Again Heads Easter Seal Campaign

Cincinnati: Harry W. Voss, secretary-manager of the Cincinnati Association of Credit Men, has been appointed chairman of the eighteenth annual Easter Seal campaign for crippled children. This is the fourth successive year that Mr. Voss has assumed this responsibility.

New Orleans Members Join Mayor for Inspection Tour

New Orleans: A large number of the members of the New Orleans Association were the guests of Mayor DeLesseps S. Morrison February 15 when he took them on a personally conducted tour of municipal projects.

Just Out!

THE TECHNIQUE OF EXECUTIVE LEADERSHIP

1. Bolls down the qualities of executive leadership into ten specific, understandable groups—simple matters of how to talk, how to deal with others, the sort of mental and physical energy you bring to a job, etc.—then tells you how to check yourself on these qualities and gives definite, practical things you can do to improve yourself in them. Contains dozens of tips, suggestions, and shortcuts that help put you in line for promotion, give you an edge on competition. By James F. Bender, 291 pages, \$3.50.



WINNING YOUR WAY WITH PEOPLE

2. A book that tells you how to make people like you, how to win success in your work, home and social life. Explains how easy it is to get along with everyone you meet, how you can avoid losing your temper, how to turn "bad breaks" into helpful assets—how to sell yourself and your ideas to others. Every principle that makes for business success and enjoyable living is presented for you to use to your own advantage. Written by a man who has shown thousands how to enjoy a richer, smoother association with people in every walk of life. By K. C. Ingram, Asst. to Pres. So. Pac. R.R. 272 pages, \$3.25.

PUBLIC SPEAKING FOR BUSINESSMEN



3. This revised third edition shows you how to develop your own ideas into an effective speech. Gives you advice on all problems which occur in business—speaking at a meeting, at a sales conference, or in a small group. Will help you make public speaking a real weapon in your hands. A practical, step-by-step approach. By William G. Hoffman, Boston U., 412 pages, \$4.00.

HOW TO WRITE BETTER BUSINESS LETTERS

(New Third Edition)

4. Puts at your fingertips the fundamentals, tips and short cuts that can help you make your business letters outstanding . . . the kind that quickly get the results you want. Explains principles involved and procedures to follow in preparing and dictating all kinds of letters effectively—sales, inquiry, complaint and collection, application and routine, etc. By E. A. Buckley, 238 pages, \$3.00.



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LETTERS TO THE EDITOR

The "new look"

Memphis

I would like to congratulate you and all those in the National Association responsible for the "New Look" in Credit and Financial Management January issue. We sincerely hope that this is significant and that future issues will be set up and carried through as beautifully as this one.

It is a little difficult to explain exactly the feeling that I had when I first saw this issue and thumbed through it. It seemed to be alive from cover to cover and it also appeared that Mr. Heimann's voice was clearly audible as he read from the paper to President Sutherland.

Please again accept our congratulations on a magnificent improvement in our monthly National Publication.

J. H. Bryah
Memphis ACM

Detroit

The January number of Credit and Financial Management struck me as having quite a different setup on the cover page and frankly it was pleasing. This magazine is coming to my desk for quite a few years, and while I do not mean to say that I read each and every article I do read a great deal of it and think that the field of credit is pretty well covered.

J. C. Hoffman
Huron Portland Cement Co.

Baltimore

Just a line to express my personal appreciation of the "dressed up" January edition of Credit and Financial Management. I believe we are getting off on the right foot, and if I had any comment to make regarding the cover, it would be that we become a little more colorconscious. Very likely I am prejudiced, being in the paint business, but I

do like to see things brightened up and colorful just like the ladies appreciate a new Spring bonnet or dress.

I also am much intrigued by the Washington Check List. I think this is fine, and as time goes on and other changes are instituted, I am sure this publication will prove of more and more interest and go a long way toward creating membership interest in the Association.

A. L. Franklin
Pittsburgh Plate Glass Co.

(Editor's note: Perhaps this month's cover is a little more up Mr. Franklin's alley.)

Detroit

I do not know whether the section entitled "Thirty Days in Washington" is going to be a permanent feature, but I think it would be a valuable addition to the magazine during these times. I would like to mention also that the shorter articles give a fellow a chance to complete them on a sort of hit and run basis—that is, during the few minutes of free time he may have during the day.

S. M. Cox
Cook Joint & Varnish Co.

Cincinnati

The change in the cover was immediately noticeable. However, I see no improvement over the previous cover. I am much more interested in the contents than in what appears on the front, and if a saving could be made by not putting pictures on the front at all, but simply the name of the magazine and possibly the names of some of the outstanding articles, it does not seem that anything would be lost.

F. M. Hulbert
Procter & Gamble Dist. Co.

Chicago

January, to folks in the office supply industry, is the peak month of the year. Consequently, the current issue

of Credit and Financial Management lay on my desk unopened until January 31. What a nice surprise it was to break the seal and find the interesting and attractive new cover.

It seems to me most appropriate to feature photographs of successful credit executives on these covers, and what more fitting for the first issue of this new style than a picture of our esteemed executive manager and our National President, whom I had the pleasure of seeing installed in California last May. This new feature of the magazine along with the always interesting educational content add up to a wonderful credit periodical.

I shall look forward each month to seeing "who makes the cover."

Marguerite L. Higgins
Horder's Inc.

The letter contests

Binghamton, N. Y.

I have been reading the prize letters appearing in the February issue and am wondering what basis those letters which told the customer "we are allowing the discount this time but don't do it again" were disregarded.

As I see it, the company which had allowed the taking of unearned discount on previous occasions by the same customer has condoned that practice to a certain extent. However, nothing in the problem indicated that the customer was previously warned and I feel that the customer was justified to a certain extent in taking the discount even though the check was a little larger and the time lag was a little longer.

To my way of thinking the prize letters represent an about change of policy and the customer should not have been penalized for taking away from him something which he had received on previous occasions.

Your comments on this line of thinking will be appreciated.

H. F. Aldrich
Anso

(Editor's note: Any comments from this department would undoubtedly be fascinating reading but readers' comments would make far more sense. What do you think?)

Survey Shows Buyers Are Counting On Continued Military Activity

A SUDDEN, unexpected slackening of the present international tension would pose a tremendous problem right now for many of their customers who are carrying heavy inventories purchased at top prices, according to a survey just completed among the 4,700 credit, financial and business executives who comprise the memberships of the New York Credit & Financial Management Association and the Los Angeles Credit Managers' Association, affiliates of the National Association of Credit Men.

More than 50% of the executives in these two cities who participated in the survey, expressed the opinion that their customers' merchandise inventories were heavy now, while 32% thought they were normal and 13% felt that inventories might be low. As viewed by these executives, should the present war preparedness programs both here and abroad be cancelled suddenly as a result of peace negotiations, many of their customers would be caught between high-priced inventories and tumbling prices. Such a reversal of the present international situation would spell sudden death for many firms—particularly marginal concerns—whose capital is now tied up in high-cost merchandise.

Meanwhile, as the country's war preparedness program continues, these executives report that the upward march of prices had not acted as a check to curb credit operations—to date, at any rate. Customers are continuing to buy, and rising prices have not proved a major deterrent. Backlogs of orders which unit-wise are even larger than six months ago are cramming the ledgers of business firms, with cancellations almost nonexistent.

Fuller controls favored

Diversity of opinion on one of the survey questions, "How would price controls, allocations and mobilization effect credit?" was, of course, expected. (The survey was mailed to members before price and

wage controls had been announced.) Reducing the hundreds of comments and opinions expressed by the executives to a few sentences, the general opinion was that price controls would be practicable if wages also were frozen. Marginal accounts would have a difficult time staying in business, but as soon as the economy under such controls had had a "shake down" cruise, credit operations would return to a stable basis which, in many aspects, would correspond to World War Two conditions.

Indicative of this over-all reaction to the matter of controls are these comments: "Would help to keep credit structure firm and healthy." "Payment would be better, in fact, practically on a cash basis." "Price controls and allocations will improve general credit conditions." "Result in more prompt payments since there will undoubtedly be shortages." "In general, favorably. Cash would be available for purchase of merchandise on short supply. Employment would be high, increasing consumer demand. Some weak enterprises would be forced out of business." "Make for more normal buying."

Statistically, 65% of all the respondents to the questionnaire reported no customer resistance to prices. Future orders were remaining firm, according to 86% of the executives who reported they were not being confronted with cancellations. Larger orders than six months ago were reported by 72% and larger future commitments by 64% of the survey participants.

Looking ahead, 50% of the New York and Los Angeles executives who answered the survey questionnaire forecast there would be no appreciable change in the business failures pattern as it appears today. Fewer failures in the foreseeable future were anticipated by 23%, while a cautious 27% thought that failures might increase in the next few months.

Collections on accounts receivable were better during the past six months according to 24% of the

executives, were slower according to 42%, and remaining about the same as during the previous six-month period, according to 34%. However, at the present, collections are regarded as normal by 52%, as good by 38%, and as poor by only 9% of the survey participants.

There has been no appreciable change in the number of customers discounting bills, according to 63% of the survey respondents. However, an analysis of the responses received from executives who had noted a change in their customers' discounting habits reveals that 80% of these respondents believe that fewer of their customers are discounting.

Business Books

Credit Management Year Book, 17th annual edition, published by the National Retail Dry Goods Association, 100 West 31st Street, New York 1, N. Y., \$10.00.

While this annual publication is designed especially for the benefit of retailers, it contains information which might well be studied by wholesalers and manufacturers who have credit contacts with retailers. This year's edition also has special chapters for the benefit of small business.

As edited by A. L. Trotta, Manager of the Credit Management Division of NRDGA, this year's issue includes chapters written by credit executives on such important subjects as sales promotion, collections, expense control, customer relations, small store credit problems, and retail credit management. These articles are further annotated by complete reports of actual clinic discussions under each of the main headings so that the reader will not only be benefited by the opinion of an outstanding retail store credit manager, but also by being able to study the report of the actual clinics held during the past year on the subjects covered.

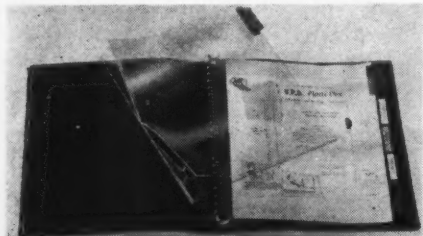
A final chapter discusses Regulation W as it affects time sales in retail stores.

Heimann Speaks at Newark

Newark: Henry H. Heimann addressed the New Jersey Association of Credit Executives on Tuesday, February 27. His subject was "Credit in this Crisis."

In the MODERN office

TO SOLVE the problem of the ragged-looking, much handled loose-leaf index divider, Joshua Meier Co., 153 West 23rd St., New York City, has brought out an all plastic divider called V.P.D. *Plasti-Dex* which the company claims will outlast any ordinary divider and never look ragged. It is designed to fit any 11 x 8½ three-ring or multoring binder.



V.P.D. *Plasti-Dex* is a clear .005 gauge plastic folder with colored plastic index tabs. The user can insert the first page of each topic into a V.P.D. *Plasti-Dex* folder, slip an identifying label into the plastic tab, and he has an index divider and title page in one.

Each holder comes with a black mounting sheet. A set consists of 5 V.P.D. folders, each bearing a different colored tab, and perforated labels to be inserted into the tabs. Retail for \$2.00 per set.

Correction

A short article on page 25 of the February issue of *CREDIT AND FINANCIAL MANAGEMENT* quoted a decision by the U. S. Court of Appeals for the Third Circuit that the provisions of Section 355 of Bankruptcy Act are inflexible and that proof of claim under that section must be filed within three months.

That article was unclear in that it did not definitely state that the three months' limit obtains only in arrangements under Chapter XI. The bankruptcy Act, in Chapter VI, Section 55, clearly states that "claims which are not filed within six months after the first date set for the first meeting of creditors shall not be allowed."

The Factor at Work

(Continued from page 8)

ber of this department initials the order in the last column either in its entirety or subject to a limit which is noted in the "amount" column. If the credit is rejected, the word "declined" or "rejected" is written instead of the credit man's initial. One copy of this list is retained by the factor and the other is returned to the client.

For the convenience of the client, we provide another form which he may find more desirable. This form permits the recording of only one order instead of several and is also made out in duplicate. Or the client may telephone his orders in and obtain prompt credit okays. Then again, he may prefer to use his own form which subscribes more closely to his own needs and practices. But whatever method is employed, the aim of the factor always is to place as little burden as possible on his client and to help him in every way to expedite his operations.

Importance of credit department

For that reason the credit department of a factor is highly specialized and works with great rapidity. Speedy and intelligent service is its keynote. There must be no unnecessary delay in checking orders and getting them back to the client, for he in turn must render prompt and efficient service to his customers.

It is through the credit department that the factor maintains the closest relationship with his client. This department, therefore, holds a unique position in the operations of the factor, since it comes in direct personal contact with the client daily; and its personnel is carefully selected for temperament and training. Its executives must be sales-minded, for they have a two-fold job to perform. They must promote the business of the client and at the same time conserve the factor's assets. But in promoting the client's business, they also promote the factor's interests; and it is in this area that the client receives many intangible services not even specified in the contract.

For example, sound credit checking tends to keep the client's operations on a solid basis by enabling

him to merchandise and plan his production and distribution wisely and profitably. Also, the credit executive is in a position, through his wide experience and contact with many different industries, to advise the client on general market conditions and additional market opportunities. Then again, it is sometimes possible for him to put the client in touch with additional sources of supply when necessary. Still another advantage for the client derives from the fact that the credit executive is always available for advice and information on financial matters. And last but not least, he can build up good will for the client by establishing constructive relations with customers.

Shipping, billing and bookkeeping

When the orders are approved by the credit department, the client is ready to ship and bill his customers. For a slightly higher commission rate he may contract with his factor to do the billing, which the latter is particularly well equipped to handle because of specially trained personnel and mass-scale facilities. If he elects to do the billing himself, he tabulates his sales daily on a Sales Assignment Sheet (which is provided by the factor) indicated by Exhibit B, signs it and sends it in duplicate to the credit department together with invoices and duplicates, and shipping documents. Since the factor takes absolute title to all of the accounts receivable without recourse in the event of the customers' financial inability to pay, each invoice must have printed on it a statement like the following:

**This bill is assigned and payable in New York City bankable funds only
to C. A. AUFFMORDT & CO.
468 Fourth Ave., N. Y. 16, N. Y.**

After the items on the sales sheet are checked against the orders that had been submitted on Exhibit A or by telephone and approved by the credit man (using the numbers in the "credit number" column for identification), he signifies his acceptance of the sales by signing the

Number 102

List of Accounts assigned to **C. A. AUFFMORDT & CO.** by John Doe & Co., Inc.

DATE OF INVOICES 12/12/50

By William Wilson

so signifies and returns the claim slip to the cashier's department who will notify the customer that his claim has not been allowed. The use of Exhibit C is to expedite the factor's acceptance and deposit of customers' checks; and when the client has accumulated a number of such claims, he then lists them on the credit assignment sheet to which we have already referred, and sends it in duplicate to the bookkeeping department for posting. Another

form similar in size to Exhibit C, called Request for Change of Terms, is used when it is necessary to record a change in customers' terms; and the same procedure is followed except that the bookkeepers post direct from this form.

After the posting of these various recordings has been completed, they are routed to the account-sales department where the accounting to the client takes place.

(To be continued)

Personal Interviews with Customers

(Continued from page 12)

control of management. General business conditions, the current state of credit expansion, the labor situation, the economic outlook, the vulnerability of the customer's business to possible adverse economic developments—these and more must be considered. They all have a decisive effect upon the advisability of any specific granting of credit.

Soul, solvency and system, then, are the fields in which the credit man thinks in the development of information. These factors must be properly analyzed to arrive at a good decision. Analytical skill may be a natural endowment, but most likely is a result of study, specialization, and seasoning. Economics, finance, accounting, business law are part of the necessary background knowledge needed in addition to a good liberal arts education. Special schooling in tax legislation and management—yes, in public speaking, as well—are essential. But the formal education needs some spice, some seasoning, the practical application. The credit man needs the experience of dealing with the current problems of business, of having applied the scholastic theories. The ease with which information is developed is in direct relation to the education and experience of the credit man.

Training

Most credit men, in one manner or another, supervise others who develop information through personal contacts with customers. The training of salesmen for this important function is a responsibility varying with the company and its policies. With the junior credit

personnel, the instruction and development is an important function of the credit manager.

Let us say the trainee has the proper educational requirements as well as office credit experience. The real concept of the broad responsibility that is his rarely comes until he has had the opportunity of getting out in the field and making personal customer contacts. One way for him to start is just to get on the train and go. I would like to suggest another procedure. Let the credit manager make the call with the younger credit man as an observer. The call is handled in its entirety by the experienced man. To be sure, the accounts visited must be selected with care, avoiding the more difficult situations and perhaps visiting only with customers upon whom the credit manager has previously called. The new man will absorb some of the seasoning of experience from the experienced. He will become self-assured more quickly than were he to make his first call alone. Sufficient of the techniques used by others in the development of information will be picked up by the trainee to compensate for the time and cost of this suggested procedure.

IV

Techniques of interviewing

The techniques of interviewing are based on certain personality characteristics. Among these are:

1. *Mutual Trust.* The aim of the credit man is to develop likable traits of personality that encourage confidence and respect. The manner of greeting the customer, facial

expression and mannerism, how he shakes hands, the way he speaks—all these and many more are important.

2. *Poise.* Before a credit man can put a customer at ease, he must himself be at ease. The skillful credit man determines whether he is conducting his interview under reasonable composure. Tension, like composure, is contagious.

3. *Good Speech.* Of outstanding importance is the speech of the credit man, for speech is the chief means of communication in the interview, the bridge between personalities, the vehicle for making fine adjustments with the customer. The words themselves that we speak are too frequently poor conveyors of thought, but when delivered with appropriate modulation they become enriched in meaning. Not only what we say, but how we say it, is important.

4. *Hearing and Listening.* The speech and interviewing ability of the credit man are inextricably bound up with his hearing capacity. Acute hearing is not enough. The psychology of analytical listening depends on a great deal more—the power to concentrate on the customer's words, the significance of their arrangement, and their implications. The customer's verbal omissions, his facial expressions, his line of reasoning and exposition—all are assimilated by the master interviewer. We listen with the eyes as well as with the ears. Other things being equal, the best credit interviewers are those who encourage the customer to do most of the talking; they are expert listeners, are able to direct the flow of conversation into profitable channels. Too often the credit man who is untrained in interviewing technique feels that unless he does most of the talking he loses his position of command. A profound and skillful listener may indeed be dominant in the credit interview, and usually is.

C's of interviewing

In discussing the information that is developed in the normal credit call, we used the symbol of the \$ sign in relating this development of information to the purpose of the call. In considering the

techniques which may be used in developing credit information during a personal call, let us refer to the symbol ϕ . In the field of interviewing techniques, any barrier between customer and the credit man may be attributed to the credit man himself. While he may be poised, a good talker and a skillful listener, and the type of man to encourage confidence and respect, his interviews may not be as productive as is possible. We might describe this last and perhaps most important technique as being in the ϕ field. As the credit man develops his interviewing techniques he is able to remove the barrier between himself and the customer, symbolically removing the bar from the ϕ sign. Therefore, we might refer to this technique as the C's of credit interviews.

a. *Congeniality*—just the everyday ability of getting along with people—being a person.

b. *Coolness*—controlling the temper when the going is rough.

c. *Cling-to-it-iveness*—persistence in digging out the facts—perseverance in solving the problem.

d. *Candidness*—being frank in discussions with the customer—straightforward in his dealings—sincere and honest.

e. *Courage*—to take the desirable risks and to turn down the undesirable credit risks.

f. *Collection* (cents)—the know-how of collections.

g. *Control*. This perhaps is the most important "cents" in our list, that of being able to work without supervision of others—without control from the office.

h. *Common Sense* (cents)—just plain everyday "horse sense."

V

Office preparation

The amount of information available on any given call will, of course, vary. At one extreme would be the file which might include agency information, bank and trade letters, interchange reports, memoranda of previous visits or telephone calls, and financial statements. At the other extreme would be the case where the agency report would be the only piece of information available. Most of the

cases, no doubt, would fall somewhere in between these two extremes. Regardless of the amount of information, it should all be carefully studied. Probably nothing can make the personal interview more difficult than the information seeker being incompletely prepared.

The credit man must consider other factors. The sales relationship with this customer in the past is important. Has the sales relationship increased or diminished? What are the normal products purchased by this customer, and is that material of a resalable character, is it profitable, and at the time of the call, is it in good supply or scarce? What is the extent and nature of the tonnage now on the books for later shipment?

In addition to considering the product and the sales relationship, it is well to likewise analyze the competitive position. The location of this customer as compared to the selling company's market and that of the competition is of importance. Is this customer buying in his natural market? What are the terms of sale in effect with competition, and what is the nature of the credit relationship with other suppliers?

In relating the sales position, it is natural to consider the possibilities of increasing sales to this customer in the future and, therefore, an analysis of the customer's growth, or lack of it, and its earning record, will provide a valuable background. If the concern to be visited has been a customer in the past, the payment record should be reviewed carefully. If there has been slowness, the collection efforts and results should be analyzed. Is the payment record similar to that with other suppliers?

In this review of the available information, one of the most important factors to be considered is the company's financial situation as disclosed by the information then available. Does the financial information suggest any trend in the company's affairs, is it in sufficient detail, or should certain items be noted for further clarification during the personal interview? A review of the information on hand will perhaps suggest the necessity of other personal contacts to be made while in the customer's terri-

tory; for example, a visit with the company's depository, or a local supplier.

Predicated upon the extent of the information available for review in the office before the call, it is possible in many cases to make a tentative decision and also to plan the method of obtaining the desired information.

Let's go back to the first purpose mentioned in making credit calls, that of perfecting credit arrangements. We might say that from the details already in our possession it appears as if there is a basis for credit support provided we are supplied with a late financial statement and can obtain satisfactory experience reports from other suppliers. This tentative decision suggests the type of information we plan to solicit during the call.

Going back again to the purposes mentioned for making credit calls, there are those visits made for the purpose of further appraisal; that is, to relate the balance sheet and profit and loss data to actual operations. In another case, the available information might suggest the necessity for outside collateral. In making the tentative decision and planning the approach, the credit man's intuition and second-sight, developed through his experience, is invaluable.

In preparing the plan of approach, it should be borne in mind that the purpose in making the call is to meet the customer's requirements.

Arranging for the customer contact

An appointment with the customer is desirable. The customer is a busy man and he will appreciate the consideration of arranging a definite appointment. Above all, he will be prepared for the visit and will have all the necessary papers and references available for discussion during the call. To arrange for the appointment, the manager of sales, or his assistant, in the district, is contacted by telephone or letter. The sales manager is requested to make a definite appointment with a specific person at a mutually convenient time. The sales representative may suggest other calls, desirable from the sales

viewpoint, to be included in the trip. His comments regarding the selected calls are helpful and should be solicited.

Preparation of trip file

It is suggested that the trip file should include, for the ordinary credit call, the analysis of the most recent financial statements as well as the last direct statement on the form as it was received from the customer. Generally, it is desirable to include in the file the results of the last revision of the file, including complete Dun & Bradstreet or National Credit Office report, or both, and the letters received from the bank and trade. Memoranda of other recent visits or telephone contacts are helpful, but here the judgment of the person making the call is necessary in order to limit the size of the file. For record purposes, sufficient memorandum paper, usually two or three sheets, is necessary so as to permit the recording of information. In this connection, the customer will understand your desire to record facts and figures to avoid misinterpretation or misquoting of his comments, but, on the other hand, to take down the discussion in too great detail is unnecessary and discourteous. Too much writing may cause you to miss important comments. The trip file should also include a record of the open tonnage and the requested shipping dates and details on high credits and sales figures for the past two or three years.

VI

Discussion with sales representative

The trip to the plant in the company of the salesman is an opportunity to develop information on a personal basis in addition to that already given by the sales department regarding the company to be visited, its personnel, as well as other general information concerning the account. The salesman probably knows the customer better than any other person in the employ of the selling company and usually has much information of value to the credit department. He may be acquainted with the personnel of the company to the extent

that he is in a position to point out individual characteristics that will help the credit man to know the customer more quickly; details on nationality, habits, hobbies, likes and dislikes, are of assistance. The competitive situation from the sales viewpoint is helpful in considering the credit relationship. The sales representative may have information regarding the labor situation, manufacturing processes, type of product, markets, and other factors which should make the interview more productive.

The matter of the salesman's participation during the actual interview can be clarified during this trip. There are customers who prefer to disclose financial information and discuss matters of credit

in strict confidence and who would be reluctant to supply the necessary information were the salesman present during the interview; however, many customers are glad to have the salesman sit in just because of a personal relationship. On the other hand, the sales representative will, no doubt, sense the reluctance on the part of the customer to divulge complete information in his presence and will excuse himself. When making the first credit call with any particular salesman, it is well, however, to clarify the salesman's participation in the interview.

In the April issue Mr. Bar-num will discuss how best to conduct the interview with a customer.

The Lien Law Is a Parachute—

(Continued from page 17)

unsold, and he does have the owner to fall back upon if collections cannot be made from the contractor. In emergencies there always is the lien law to fall back upon as a "parachute". All states have mechanics' lien laws and they are pretty much standardized, although the provisions of some few vary widely from those of the majority. In most cases, the lien is an encumbrance against both real property and the improvement thereon. It might be well to review some generalizations of lien laws:

1—They do not guarantee payment, but present an opportunity to collect;

2—They do not impair the right to take court action against an individual, such as owner or contractor, responsible for the debt;

3—In general, a labor lien has priority over all other liens, with materials second, the subcontractor next and the general contractor fourth;

4—In some cases a lien extends only to the improvement upon real property;

5—Proceeds from the sale of property applied to lien satisfactions are prorated in order of their priority;

6—Action to prosecute a lien is similar to foreclosure of a mortgage;

7—The right to a lien extends to all materials ordinarily entering into

construction of a building, but usually is not extended to equipment, or to temporary installations such as forming.

8—Generally speaking, liens may be filed within 60 to 90 days after completion of the job, with court action started within one year, although some states set these time limits at 30 days and six months.

The Washington law

In my state, Washington, a lien notice must be filed with the county auditor within 90 days after completion of the job. Any such lien does not bind the property for more than eight months unless court action is instituted within that time, while the suit must be prosecuted to judgment within two years. An important stipulation of the Washington law is that the material supplier, when dealing with anyone other than the owner, must notify the owner in writing within five days after delivery of materials that a lien may be claimed. Failure to make such notification renders any subsequent lien unenforceable.

The Washington law, by recent amendment, also provides that an owner may fix the date of completion of a job by filing such notice with the county auditor within 10 days after cessation of labor and delivery of materials for 30 days.

Liens, then, must be filed within 60 days after recording of such notice.

Laws have a way of being amended from time to time, and with little public notice, which means the material dealer must keep abreast of them. Along this line, I refer you to the 1951 Credit Manual of Commercial Laws, published by the National Association of Credit Men, which sets forth a summary of the lien laws of all states. Knowledge of your state's laws, plus competent legal advice, are imperative obviously, if you are to enjoy full advantage of the protection that is available.

Typical statutes

For the most part, state lien laws fall into one or two classifications, and these are typified by the laws of New York and Pennsylvania. In the latter state, material men and subcontractors have lien rights on both the building improvement and the land, with the general contractor's lien privilege coming secondary. In New York, however, only the general contractor has lien rights on the building, while subcontractors and suppliers must give written notice to the owner of their claims. This notice requires the owner to hold back money yet due the general contractor and may be obtained for payment of the claims by lien, or action in court by suit.

Under such a law, material suppliers cannot recover more money than the owner owes the contractor, which means the supplier's only hope of complete payment of an unpaid claim may lie in action against the general contractor. Such a situation emphasizes the importance of knowing the contractor's financial standing. On the other hand, under the Pennsylvania law the amount paid or owed the general contractor by the owner has no bearing on the material wholesaler's rights of lien against the owner. My state's law follows the Pennsylvania system. In what category does *your* state come?

Notable variances

In addition to the variance in specified time limits for filing of liens and start of court action, there are a few notable exceptions in state laws, a few of which I shall discuss below. Comment on them is based

upon the latest information available.

Ohio, for example, offers the longest period in which to initiate court action—six years. In New Jersey, notice of intention to furnish materials must be filed with the county clerk before a lien may be claimed. This notice is good for two years. Any lien in that state must be filed within four months of date of last delivery and suit started within the same four-month period. In Vermont a supplier has a lien if he has previously notified the owner, or his agent, that he is furnishing materials. Lien claims must be filed 30 days after payment is due and action brought within three months, or within three months after maturity of the debt.

Other exceptions

The law in Rhode Island provides the material dealer must give and record a lien notice within 120 days if he sells to the contractor, and none if to the owner. The time limit for beginning court action in that state is four months if a written sales contract exists and six months if it were an oral contract. In some respects, Delaware's law is exceptional, for while a lien must be filed within 90 days of completion of the job, action to prosecute the lien consists of a writ of *scire facias* which must be issued before the second term of court following filing of the lien, or the proceedings abated.

Pennsylvania, too, enforces its liens with such a writ, which is nothing more than an order to show cause why judgment against the owner should not be prosecuted. The law in that state also provides a lien notice must be filed within six months on new construction and three months on alterations and repairs, with the owner notified of it at least 30 days before filing. Materials furnished to subcontractors have no right of lien in Pennsylvania.

The provisions of the laws just mentioned are the exceptions to normal filing, court, and foreclosure proceedings. In view of the possibility of amendments, to say nothing of interpretation of the law, it is up to credit men to keep abreast of the law's provisions and to consult with a good attorney whenever he is in doubt. Ignorance, it has been pointed out, is no excuse in law, and it also can impair seriously a company's po-

sition in enforcing liens. As mentioned at the outset, however, you cannot make money in court. Legal action should be the last resort of the credit man, his "parachute" only when good credit and business practices have been observed and yet an uncollectable balance left on the books.

Two more points to watch

In closing, may I detail two other points for which to watch in regard to liens. When a lessor orders an improvement, a lien may apply to it only and not to the real property. In such a case, and upon failure to collect adequately from the lessor, the only recourse is to move the building—a step which often is obviously impossible. Thus it is important to know whether the improvement is being ordered by the owner, or lessor, and whether the latter is in good financial condition.

The second point of caution is just here: an occasional contract specifies that no liens shall be filed against the property because of the improvement work. The question then is: Does such a specific provision preclude the contractor and material supplier from filing and prosecuting a lien?

Many courts have held that it does, even when the owner fails to pay. On the other hand, courts in some states have ruled that subcontractor, material dealer and labor are not barred from their lien rights, especially when they are not aware of such a no-lien agreement between owner and general contractor. Decisions in Washington and Oregon courts have upheld the latter viewpoint. Here again credit men should be urged to learn the contract provisions on an improvement job, as well as know the court rulings in their respective states. It is here, too, that access to competent legal counsel is virtually indispensable.

In summing up, may I point out that protection afforded by lien laws should be resorted to only as a last resort and that, instead, the credit and financial standing of both owner and general contractor should be determined, and the job performance record of the latter judged correctly. Through it all, however, make certain you know how the "parachute" operates.

INTRODUCING . . All Convention Registrants Will Be Guests of the Boston Credit Men For New England Dinner Tuesday, May 15



Arthur L. Vermillion
Executive Secretary
Wichita Association

Arthur L. Vermillion was elected executive secretary of the Wichita Association of Credit Men, to succeed the late M. E. Garrison. He comes to the Association with twelve years of experience in public accounting. He was a national bank examiner in the mid-west and was formerly executive vice-president of the Union National Bank in Wichita. During World War II he was controller of the Cessna Aircraft Company.

Presently he is president and general manager of the North American Finance Corporation, commercial bankers.

Toledo: The Toledo Association of Credit Men has a new address—510 Huron Building. The telephone number remains the same—Main 7293.

E. W. Walrath Tells Syracuse Executives of Retailers' Needs

Syracuse: On February 13th the members of the Syracuse Association of Credit Men listened to an interesting and instructive address by Eugene W. Walrath, John Deere Plow Company. His subject was "Reducing the Risk." His remarks were intended for those dealing especially with retail outlets. He presented a program for retailers to follow in their own operations so as to "reduce the risk" of business and make progress and profits more probable.

Mr. Walrath has had a long experience in business since 1933. He has been connected with the John Deere Plow Company first as Outside Collector, then Assistant Credit Manager and now Credit and Collection Manager for this corporation in the agricultural implement field.

The Entertainment Committee of the Boston Credit Men's Association would like the pleasure of the company of all registered delegates, guests, wives and credit women at a real New England Shore dinner to be held at the New Ocean House, Swampscott, Mass. (one of the most famous hotels on Massachusetts' famous North Shore), on the evening of Tuesday, May 15.

It is possible that some of those attending the convention have never had a New England shore dinner. If so they had better take up the Bostonians on their invitation for it is guaranteed to be an experience not easily to be forgotten. And if you have no idea how to get to Swampscott don't let it worry you. Swampscott is about eighteen miles from Boston and you will be transported thereto in one of a huge fleet of busses hired for the occasion. It is a delightful ride and should put you in the right mood for the evening.

There are some people who want to see the menu before accepting even a free dinner, so here it is:

SHORE DINNER

Tomato Juice Cocktail
Relishes

Dinner Rolls Corn Bread
New England Clam Chowder
Broiled Live Swampscott Lobster
drawn butter
French Fried Potatoes Corn in Ramekin
Hearts of Lettuce
Thousand Island Dressing
Apple Pie and Ice Cream
Petits Fours
Coffee

That is one occasion that no delegate, wife, credit woman, guest or anyone else will want to miss.

The entertainment committee has not confined itself to one meal. Something will be going on at all times when visitors do not have sessions to attend. Briefly these are the plans:

Sunday afternoon. Hostess reception and tea for all who register.

Sunday evening. Reception and musicale, again for all registered.

Monday afternoon. Bridge party for all registered wives.

Monday evening. President's reception and ball. (As in previous years the various regional dinners will be held before the president's ball but they are privately arranged.)

Tuesday evening. Shore dinner, as noted above.

Wednesday afternoon. Luncheon and fashion show for registered wives.

Wednesday evening. Concert and entertainment by the Highland Glee Club.

Boston NIC Chapter Introduces New Idea In Convention Plans

The Boston Chapter, National Institute of Credit, is planning a breakfast on Wednesday morning, May 16, as a part of the convention activities. As far as anyone can discover this is the first time in NACM history that the National Institute of Credit has conducted such an affair during the convention.

Detroit: The February 20th meeting of The Credit Women's Club was held at The Women's City Club. Dinner was served at 6:30 o'clock.

We are pleased to be able to get Helen E. Kean, M.A., as our speaker for the evening. Miss Kean is Dean of Women at the University of Detroit. Her topic was "Women of Today Meet the Challenge of Tomorrow."

Past President Rairdon Named District Price Stabilizer in Toledo

Toledo: Charles B. Rairdon, President of NACM 1947-1948, and recently retired as an executive of the Owen-Illinois Glass Co., has been named acting district director of the Toledo Office of Price Stabilization. As an outstanding representative of business and industry, the selection of Mr. Rairdon for this important post by price stabilization director, Michael V. DiSalle, was received with gratification by business people in the extensive Toledo industrial area.

Emmett Barbee, Former Secretary at Oklahoma City, Died on March 3

Oklahoma City: Emmett E. Barbee, manager of the Oklahoma Wholesale Credit Men's Association, died March 3 at the age of 60. Mr. Barbee, who at the time of his death was secretary-manager of the Oklahoma City Retail Credit Men's Association, served the wholesale credit men from 1928 to 1939.

OFFICE MACHINES FOR SALE

One—Style #720713 Burroughs Moon Hopkins machine. #A-766460, Stand #43-M, 7 Register, 30" Carriage, with automatic extender. Machine purchased new April 1948 and has not been used more than total 75 to 100 hours. Excellent condition, regularly serviced under service agreement. Box M-1, Credit and Financial Management.

ASSOCIATION NEWS

"Shop Talk" Assumes Increasingly Important Role in Group Meetings

THE Industry Meetings in connection with the Fifty-Fifth Annual Credit Congress of the National Association of Credit Men to be held in Boston, May 13 to 17, 1951, have been arranged for Tuesday, May 15. The program for each Industry Meeting offers very instructive and informative talks and discussions.

With rapidly changing business conditions, and with the advent of government control of prices and production, it is the duty of every credit executive to acquaint himself with the possible effect of these controls in their present form, and also discuss the probable effect of future controls. The uncertain era in which we are now operating will also have a drastic effect on the accounts which we serve.

The industry meetings have been designed to bring about a full discussion of these problems, together with the ordinary every-day problems which confront us. The discussion panels which will occur at the meetings will afford each one an opportunity to have answered any questions which are brought up for discussion. Every credit executive should realize that only by the full exchange of information and ideas with his fellow executives in the same line of business throughout the country, is it possible to make the necessary plans to cope with the ever-changing conditions.

Industry meetings are one of the most important functions of the Convention, and it has been proved in the past that, when a good representation from each industry is present, much valuable information is obtained.

If you have not already done so, we would urge that you send in your reservations and be represented at this all-important Credit Congress of the National Association of Credit Men in Boston in May.

Following are the complete or preliminary programs of all industry meetings. Those not in final form will be ready shortly.

Advertising Media

Chairman Clarke of the Toronto *Star*, Toronto, Canada, and his committee have arranged an interesting meeting for their industry. The meeting will be opened by an address by Earle Latham, vice president, Federal Reserve Bank, Boston, on



By RAYMOND P. COYLE

Hub Distributors, Inc.
Boston, Massachusetts
Chairman, Industry Group Meetings

the subject, "What Can a Credit Department Do to Safeguard and Promote the Best Interests of Its Company in Connection with Sales, Accounts Receivable, Etc.?"

"Outline of procedure on retail and general accounts" will be presented by Miss Marie Louise La Noue, The Times-Picayune Publishing Company, New Orleans.

A discussion period will follow each of these presentations.

"The American Partnership," presented by John H. Suydam, general manager of the Canadian Credit Men's Trust Association Limited, Toronto, will be the first subject on the afternoon program.

This will be followed by an open forum discussion period—"What's Your Problem?" Questions from the floor will be directed to panel members—A. W. Blizner, *The Press*, Pittsburgh; Mrs. Hermine Fischer, Christian Science Publishing Co., Boston, Mass.; Harley Lanman, *Phoenix Republic & Gazette*, Phoenix, Ariz.; Miss Marie Louise La Noue, Times-Picayune Publishing Co., New Orleans, La.

The final feature of the program will be a talk on "Radio and television in 1951,"

presented by a prominent member of the industry.

Automotive

The program for the Automotive Industry Meeting will consist of two panel discussion periods, under the heading, "Can you stump the experts?" At each session, there will be a moderator, with four panel members each of whom will present a subject, with a general discussion period after each presentation.

The moderator for the morning session will be Joseph L. Laputka, R. M. Hollingshead Corp., Camden, N. J. The panel members and their presentations are as follows: "Credit management as a profession—the manager's responsibilities and his place in public relations," Orville B. Tearney, Inland Steel Co., Chicago, Ill.; "Credits in the jobber industry," William Pearl, Koochook Corp., St. Louis, Mo.; "The manufacturer's approach to jobber credits," E. F. Johnson, United Motor Service, Division General Motors Corp., Detroit, Mich.; "The importance of the credit department to sales," Steven B. Wilson, president, Fram Corp., Providence, R. I.

For the afternoon session, the moderator will be J. H. Cavanaugh, treasurer, McCord Corp., Detroit, Mich. Following are the panel members and the subjects which they will present: "Bankruptcies—liquidations—proposals for relief—how to evaluate them," Carl B. Everberg, counsellor at law, editor of Commercial Law League Journal, and assistant professor of law at Boston University; "Current outlook for the automotive industry and small business," Gordon Woodward, vice president in charge of credits, Bankers Trust Company, New York City; "Field warehousing," Norman Bruce, assistant vice president, Lawrence Warehouse Co., New York; "Advantages gained through industry credit groups," Stuart G. Phillips, vice president, Dole Valve Co., Chicago, Ill.

Bankers

John B. Gray, manager, credit department, The First National Bank of Boston, chairman of the bankers' committee in Boston, advises that the New England chapter of the Robert Morris Associates plans to entertain the visiting members and other bankers at the Harvard Club in Boston, Wednesday evening, May 16. The present schedule calls for a social hour at 5:00 or 5:15 until 6:30, followed by dinner in Harvard Hall.

Arrangements are also being made for

a speaker to bring a message of interest to all the bankers. Name of this speaker will be announced later.

Brewers, Distillers and Wholesale Liquor

The opening feature of this program will be an address by Frank L. Kozol, attorney of the firm Friedman, Atherton, King & Turner, who will talk on "The relations of the liquor distributors and their customers." This will be followed by a talk on "The problems of the liquor wholesalers doing business in states not having credit laws," presented by Orrin Wilkens, credit manager of Branded Liquors, Inc., Boston.

Mr. George F. Winterson, vice president of the United States Trust Company of Boston, will present "Excess profits in relation to inventory financing in the liquor industry," as the opening feature of the afternoon session, followed by a question and answer period.

The balance of the afternoon session will consist of an "open forum period." The moderator will be Matthew Sheridan of Seagram Distillers Corp., New York. Selected subjects and various topics of importance to the industry will be submitted by delegates attending the meeting.

Building Material and Construction

An extremely interesting program for this industry is being arranged by Chairman Kenneth H. Matheson, Tri State Lumber Co., Salt Lake City, Utah, who succeeded J. W. Morrison, Hogan Lumber Co., Oakland, Calif., as chairman.

As it has been agreed that the entire program should be devoted to "shop talk," the speakers on the various subjects will make brief presentations, and these will be followed by question and answer periods.

The morning session will present a brief talk on "Credit Risk Analysis." Following this the manufacturer, carload wholesaler, jobber, will have their inning. Discussion leaders will be selected for these subjects.

For the afternoon program, there will be a short talk, and a question and answer period on "What of the future? What we can expect in light of government regulations and the war effort"; "Operation—salvage." This latter subject will be based on salvaging an account which is slipping or has slipped.

Time will also be devoted to "What's your problem?" This will be a panel discussion, headed by experts who will attempt to answer all questions put to them.

Cement

Elliot Balestier, Jr., New York, executive secretary, advises that the Cement Credit Division will hold its annual joint groups meeting, at which time discussions will cover a wide range of pertinent subjects dealing with current problems and those of vital interest to the credit executives of the cement industry.

Chemical and Dye

"Welcome to Boston" will be extended by J. F. Smith, Monsanto Chemical Co., Boston, this will be followed by a speech

by A. M. Raub, manager, special service division, Dun & Bradstreet, Inc., New York, on the subject, "Current survey of credit conditions." The discussion period following this talk will be led by J. F. Smith.

"Current developments in international trade," is the subject of a talk to be given by N. E. Peterson, vice president, First National Bank of Boston. J. C. Hajduk, Victor Chemical Works, Chicago, will lead the discussion following Mr. Peterson's presentation.

The afternoon session will be opened with a talk on "Research and capital demands—with some selected case histories," by C. E. Waring, vice president in Charge of Research and Development, The Davison Chemical Corp., Baltimore. A discussion period will follow, with E. P. Utter, Witco Chemical Co., New York, serving as moderator.

The remainder of the program will be devoted to a "work shop forum." Discussion leaders will be H. J. Gavigan, The Dow Chemical Co., Pittsburg, Calif., and A. D. Perry, The Harshaw Chemical Co., Cleveland, Ohio. The following subjects will be discussed during this period: "New methods and ideas in credit procedures"; "Should salesmen be used as collectors?"; "Let's talk about collection letters"; "Government financing and the credit risk"; "What about credit insurance?"; "Credit department personnel training"; "What does top management expect?"; "D.O.'s allocations and new business ventures"; "Statements—facts or fantasy?"; Credit outlook for 1951-52."

Confectionery Manufacturers

Miss Mae A. Turner, Confections, Inc., Chicago, Ill., recently succeeded W. O. Berbrick, Walter Baker Chocolate Co., Dorchester, Mass., as chairman of this industry meeting.

Chairman Turner reports a very fine program, and while it is not complete, it appears very interesting and informative. There will be two formal speakers; the balance of the program will be panel discussions of timely subjects.

Orville B. Tearney, Inland Steel Co., Chicago, will speak on the subject, "The credit executive—a business engineer." Charles N. Williams, assistant professor of finance, Harvard Graduate School of Business Administration, Boston, will take as his subject, "New Techniques for credit management."

A question and answer period will follow each of these presentations.

The afternoon program will be devoted entirely to panel discussion. Lawrence S. Day, W. F. Schrafft & Sons Corporation, Cambridge, will be moderator. Panel members selected to date will be Frank L. Osborn, Queen Anne Candy Co., Hammond, Ind., and Miss Antoinette Rehauer, Peerless Confection Co., Chicago, Ill. The following subjects will be some offered for discussion: "What the credit manager should do to foster good will between the customer and his company." "Terms of sale—method of enforcement. Discount abuses—how treated." "How the credit executive can help small business." "Credit control—methods

used." "Collection procedures." "Ways and means to help distressed debtor and safeguard creditors' interests." "Sales-credit department coordination." "Special credit department problems."

Delegates will be invited to submit additional questions and topics to the chairman before or at the meeting, and all will have an opportunity to participate in the discussion.

Drugs, Cosmetics and Pharmaceuticals

An extremely interesting program for this industry meeting has been arranged by Chairman Reid. He has been successful in securing speakers well qualified to cover the subjects on his program. The agenda will include such informative talks as: "The important highlights on war economy laws and regulations—what the Defense Production Act of 1950 should mean to the credit man," Carl B. Everberg, counsellor at law, editor, Commercial Law League Journal and assistant professor of law at Boston University.

Earle Bowles, credit manager of McKesson & Robbins, Inc., Chicago, will present, "The credit manager's relations with the sales department—what can the credit manager do to secure the maximum credit and collection cooperation of the sales manager and the salesmen?" "The tax outlook" is the subject of a talk to be presented by Hugh Dysart, Jr., certified public accountant, Boston. H. W. Clark, treasurer and credit manager, J. E. Gould & Co., Portland, Maine, chairman of the committee on credits and collections of the National Wholesale Druggists' Association, will present "The problem of terms." This presentation will include the advisability of shortening terms—should terms be uniform throughout the industry?—datings on deals and during the last few days of the month—cash discount. Boone Gross, vice president of the Gillette Safety Razor Company, Boston, will address the meeting on a topic of vital interest to the industry.



At the corner of Washington & State Streets you will find the old State House.

A question and discussion period will follow each formal presentation.

The concluding item on the program will be a panel discussion period. E. T. Carlson, credit manager, Johnson & Johnson, Chicago, will serve as moderator. Panel members will be W. A. Lange, Customer Relations Department, Yahr-Lange, Inc., Milwaukee, Wisc.; H. Rasmussen, credit manager, The Emerson Drug Co., Baltimore, Md.; J. W. Roberts, assistant secretary, Vick Chemical Co., Wilmington, Del. The following subjects will be offered for discussion: "The future—what can we, in our industry, do to prepare for it?"; "Inventory control by credit management. What can we do about excessive inventories?"; "How will exports be affected by international developments?"; "Do we need a model credit policy recommended by the N.W.D.A.?"; "What terms do you allow on opening orders (amount of down payment—security on balance—length of time to pay balance—method of paying current purchases while balance on stock order is open)?"; "What are we doing to educate our retailers on how to operate their businesses so that they can meet their current obligations and retain a profit for themselves in spite of increasing operating expenses?"; "How do you handle the habitual delinquent in order to get him current and retain his business? Any new ideas?"; "What do we find lacking in Dun & Bradstreet and other mercantile reports?"; "Do we express our appreciation often enough to the faithful, prompt-paying accounts?"; "What do you think of the personal visit vs. correspondence?"; "To what extent, if any, should wholesalers finance retail druggists?"

Delegates will be invited to submit additional questions and topics to the chairman before or at the meeting, and all will have an opportunity to participate in the discussion.

Electrical and Radio Manufacturers

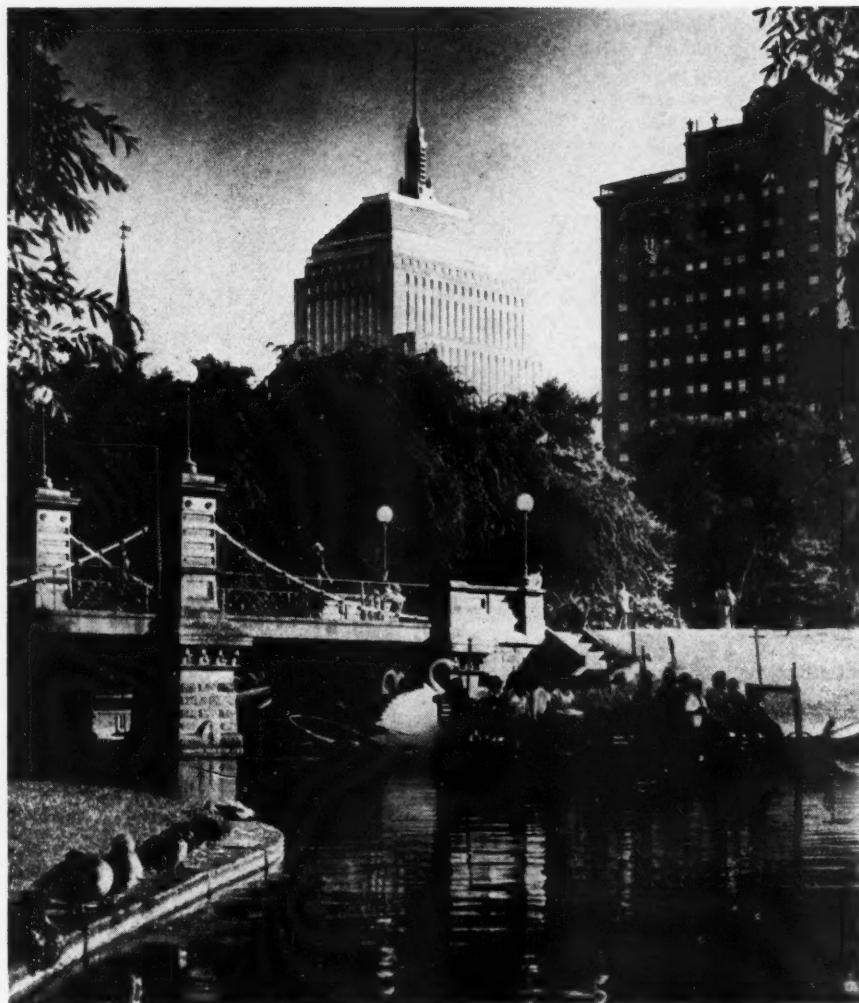
Chairman R. A. Mattson, Beldin Manufacturing Co., Chicago, Ill., will conduct the morning session of this group. The afternoon session will be presided over by Vice Chairman Roderic M. Wilder, Pass & Seymour, Inc., Syracuse, N. Y. The entire program for this meeting will be devoted to open forum shop talk discussion, providing all delegates an opportunity to participate in the program. Topics to be discussed are as follows:

"New accounts," which will include initial information to sales department; information requested from customer such as list of major suppliers, list of major customers, bank references, past experience of principals, financial information (what do you do if this is refused?).

"Procedure for handling overdue accounts" will include form letters vs. dictated letters; holding orders and production; drafts—collection agencies—etc.; personal visits to customer; using credit reports and clearance information received.

"Terms of sale" will cover method of enforcing; leeway on due dates; invoices after 25th of month; C.O.D. and SD/BL.

"Collection problems and how to meet



This picture gives perhaps the best idea of the contrasts awaiting you in Boston, the ultra-modern and the unique. The swan boats in the Public Garden are certainly unique and the John Hancock Building in the rear is the most famous modern office building.

them." Sub-headings of this topic are taking unearned discounts; return of material without authorization; deducting freight and parcel post charges; price reductions; post dated checks.

Additional subjects presented for discussion during this period will be "Establishing credit guides and controls"; "Cooperation with sales department—salesmen—and credit department"; "Method of reducing an old account while selling currently"; "Evaluating account after sufficient paying habits have been experienced in relation to sales volume"; "Selling a poor risk with DO rating or government contract"; "Credit file on individual account"; "Monthly statement procedure"; "Financial statement analysis."

The concluding portion of the program will be given over to a discussion of individual credit problems and questions presented by the delegates.

Electrical and Radio Wholesalers

This meeting will open with an address on "Negotiable instruments as an aid to credit and collections," by Arthur T. Wasserman, attorney, Wasserman & Slater, Boston. "The sales department views the credit department," will be the first subject on the program for the afternoon session. This will be presented by J. P. Maloney, vice president, The East-

ern Co., Cambridge, Mass.

Following these formal presentations, the balance of the program at both sessions will consist of panel discussion periods. Panel members and the subject which they will present are as follows:

"Inventory financing," Harold Brown, National Shawmut Bank of Boston; "Credit interchange reports—telephone method," John S. Ballentine, Westinghouse Electric Supply Co., Detroit, Mich.; "Unearned discounts," H. A. Meixner, General Electric Supply Co., New York, N. Y.; "Credit limits—their value under present-day conditions," T. F. O'Malley, Graybar Electric Co., Richmond, Va.; "Government credit controls—their effect on dealers," Roy Worth, The Electric Corp., Los Angeles, Calif.; "Effect of dealer buying against anticipated shortages," Raymond P. Coyle, Hub Distributors, Inc., Boston, Mass.

During the panel sessions, the delegates will be asked to participate in the discussion on each subject.

Fine Paper

A. G. Mader, Cleveland Paper Co., Cleveland, Ohio, recently succeeded Harold E. Jefferson, Carter, Rice & Co. Corp., Boston, Mass., as Chairman of this Industry Meeting.

Chairman Mader reports that the program is still incomplete, but expects to have it ready and in final form within the next few weeks. Letters received indicate that those planning to attend this Industry Session are assured of a very fine and interesting program.

Floor Coverings and Furniture

Information received from Chairman E. C. Corwin, John Widdicomb Co., Grand Rapids, Mich., indicates a very interesting and informative program has been arranged for this meeting.

The program will include three formal talks. "Seller's rights as defined by The Sales Act," is the subject to be covered by Arthur P. Wasserman, attorney, Wasserman & Slater, Boston. Mark D. Stevens, sales promotion manager of Heywood-Wakefield Co., Gardner, Mass., has selected as his topic, "Importance of the credit man meeting the trade." Gerald E. Dennebring, vice president and director of sales, Bigelow-Sanford Carpet Company, New York, will also address the meeting—subject to be announced. A question and answer period will follow each of these formal presentations.

The remainder of the meeting will be devoted to panel discussion and open forum period. Harry C. Pfost, credit manager, Simmons Company, Elizabeth, N.J., will be the moderator. The panel will consist of the following: L. E. Shemery, credit manager, James Lees & Sons Co., Bridgeport, Pa.; C. A. Whitney, credit manager, Heywood-Wakefield Co., Gardner, Mass.; Miss L. Lenore Lyon, credit manager, H. J. Scheirich Co., Louisville, Ky.; R. B. Matthews, vice-president John P. Maguire & Co., factors, New York, N.Y.

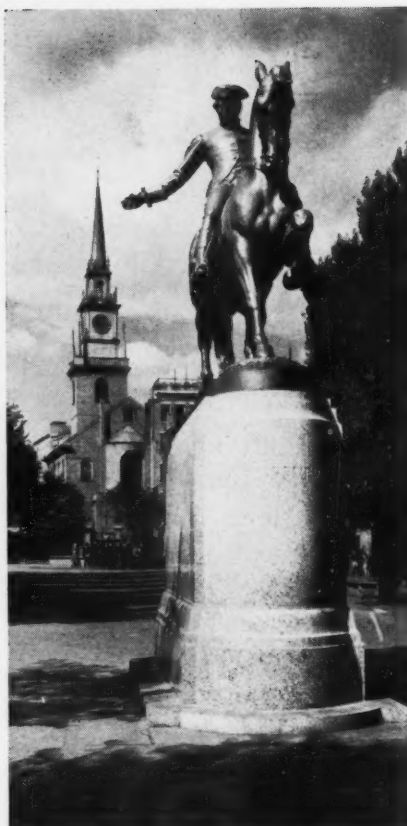
The following questions will be directed to the panel members by the moderator, and additional questions will be welcomed from the floor: "Discounts and Terms"; "Favoring accounts—sales and credit co-operation"; "Claims and adjustments"; "Borderline accounts."

Food Products and Allied Lines Manufacturing

Three speakers are scheduled for the morning session of this meeting.

The opening subject will be "The Meaning of Salesmanship," by Robert H. W. Welch, Jr., vice-president, James O. Welch Co., Cambridge, Mass. Louis Goldberg, president, Central Grocers, Inc., Boston, will cover "Prospects in the grocery business during a preparedness economy." The subject selected by A. A. Schirmer, general credit manager, American Sugar Refining Co., New York, is "Trends in the grocery trade."

The afternoon session will consist of an open forum panel discussion period, under the title, "New England Town Meeting." The moderator will be Elmer Weiland, credit manager, Atlantic Sales Corp., Rochester, N.Y. Carrying out the theme of the title, the "Board of Selectmen" will consist of the following: E. J. Agnew, credit manager, Campbell Soup Co., Camden, N.J.; A. C. Bowen, credit manager, American Sugar Refining Co., Boston, Mass.; W. E. Erickson, associate man-



This statue of Paul Revere is backed by the famous old North Church.

ager, credit department, Land O'Lakes Creameries, Inc., Minneapolis, Minn.; C. B. Harrison, credit manager, Bird's-Eye Division, General Foods Corp., New York, N.Y.; J. A. Monier, Jr., general credit manager, Wesson Oil & Snowdrift Sales Co., New Orleans, La. Subjects to be discussed are: "To see if the members will report favorably on the condition of accounts receivable in the food manufacturing industry"; "To see if inventories in the wholesale grocery trade are in a sound condition"; To see what recommendations the members will make to improve agency reports."

Food Products and Confectionery Wholesalers

Clarence E. Kuhlmann, Fairmont Foods Co., Boston, Mass., was selected to succeed Irwin H. Raunick, formerly of Fairmont Foods Company, Buffalo office, as chairman of this industry meeting.

Chairman Kuhlmann advises us that his program is still in the preliminary stages, but promises to have ready within the next few weeks one of the finest this industry has ever had.

Footwear

A very complete and interesting program has been arranged for this industry meeting by Chairman Walter Morrison, The Stetson Shoe Co., Inc., South Weymouth, Mass.

The opening subject will be "Credit problems about present-day economy"—as viewed by (1) Leonard C. Marks, Harvard Business School, (2) Frank G. Lynn,

vice president, first National Bank of Boston, (3) Maxwell Field, Executive secretary, New England Shoe and Leather Association. Fred Martin, Endicott-Johnson Corp., Endicott, N.Y., will serve as discussion leader for this subject.

The subject for the Afternoon Session, will be "Problems relating to sales to off-rated accounts"—as viewed by: (1) the rubber goods manufacturer—presented by James S. Barrie, vice president in charge of distribution for Hood Rubber Co., Boston, Mass.; (2) the shoe manufacturers—presented by Wm. Schmidt, Sundial Shoe Co., Manchester, N.H.; (3) the jobber—(speaker to be announced); (4) the retailer—(speaker to be announced).

The discussion and question period following this presentation will be led by C. G. Lewis, Hood Rubber Co., Boston, Mass.

Hardware Manufacturers

Chairman H. J. Dunne, The Black & Decker Manufacturing Co., Towson, Maryland, reports that the morning session of this program will consist of two talks; one to be presented by Graham Rothweiler, credit manager, J. Wiss & Sons, Inc., Newark, N.J., on a subject to be announced; the other, "Credit and Financial Terminology" by E. O. Kallman, credit manager, Wheeling Corrugating Co., Long Island City, N. Y. A discussion period will follow each talk.

The afternoon session will be devoted to an open forum and panel discussion period. Moderator will be E. William Lane, American Screw Co., Providence, R.I. The panel will consist of Graham Rothweiler, J. Wiss & Sons, Inc., Newark, N.J., J. Madden, Nicholson File Co., Providence, R.I., and others to be selected. The following subjects will be discussed:

"The advantage or disadvantage of a consigned inventory as against open credit"; "What is the general attitude of the credit executive regarding the discount privilege on current billings while a customer is working out of an apparent temporary embarrassing financial situation?"; "What consideration should be given by a credit manager in extending credit to a company which factors its accounts receivable?"; "What consideration is given to proper fire coverage in statement analysis and what procedure is employed to have an account correct a lack of proper protection?"; "Credit hazards in a war economy—how will the planned military program affect the hardware jobber and retailer, and what remedial steps can be taken?"; "Setting credit limits."

Hardware Wholesalers

This program will consist of two formal talks, with the balance of the program devoted to open forum and panel discussion.

The first formal presentation will be at the morning session, by Ellis C. Wheeler, treasurer and credit manager, Salt Lake Hardware Company, Salt Lake City, Utah. The subject of Mr. Wheeler's talk will be "Businesses are built one customer at a time." The afternoon session will be

opened with a talk on "Your Association Service Department," presented by a secretary of a local Association of Credit Men, who will also serve as secretary at this industry meeting.

The panel members for the morning session will be Frank V. Barrett, Masback, Inc., New York, N.Y., and C. S. Fensom, secretary-treasurer, Watkins-Cottrell Co., Richmond, Va. Subjects scheduled for this period are: "What are the dangers to the capital structure to the average hardware dealer who is stocking up on an over supply of merchandise in anticipation of future shortages"; "How can we educate dealers to use their banks for extra capital in their business instead of depending on the wholesalers to carry them?"; "What can a credit man do to help a debtor prevent bankruptcy?"; "What can a credit man do to improve his standing with management?"; "What is the best procedure in handling late discounts?"; "Do you answer direct credit inquiries?"; "To what extent do you rely on estimated financial statements?"; "Do you use Credit Interchange Service?"; "Do you use notes in settlement of past due accounts?"

The afternoon session panel members will be G. C. Klippel, credit manager, Van Camp Hardware & Iron Co., Indianapolis, Ind., and M. B. E. Walker, assistant treasurer, C. M. McClung & Co., Knoxville, Tenn. The theme for this panel discussion will be "Creating sales volume through constructive credit practice." Subjects of vital interest pertinent to this theme will be discussed. Additional topics for discussion will also be solicited from delegates attending the meeting.

Iron and Steel

The Iron and Steel Industry and the Non-Ferrous Metals, Raw Materials and Allied Lines Industry will hold a joint meeting in Boston. The program for the morning session has been prepared by the committee of the iron and steel industry; and the committee for the non-ferrous metals, raw materials and allied lines industry has prepared the program for the afternoon session.

The following four formal presentations appear on the program for the morning session: "Analysis of business conditions—the future of business"; "Credit problems in a controlled economy"; "What the sales department desires from the credit department"; "Financing of government contracts under the Defense Production Act of 1950." Speakers and discussion leaders will be announced later.

The afternoon session will open with a film, presented by Dun & Bradstreet, entitled "Credit—Man's Confidence in Man."

"Legal aspects of credit," is the subject of a talk by Arthur T. Wasserman attorney, Wasserman & Slater, Boston. The subject, "the effect of recent government regulations on the non-ferrous industries," will be covered by an executive of a company in the non-ferrous industry.

A discussion period will follow each subject at both the morning and after-



This air view of Boston brings out one point which is Boston's great pride. Up there at the top right hand you can see the airport, in the city limits. Logan Airport is but ten minutes from downtown Boston by taxicab.

noon sessions, giving all delegates an opportunity to participate in the discussions.

Machinery and Supplies

This industry is again having its own individual industry meeting after having met jointly last year in Los Angeles with the iron and steel and the non-ferrous metals, raw materials and allied lines industries.

Chairman Harley T. Blake, Fairbanks, Morse & Co., Boston, Mass., has prepared an outstanding program, composed of five formal talks, and a general discussion period on industry problems.

"Important highlights on war economy laws and regulations—what the Defense Production Act of 1950 should mean to the credit man," will be presented by Carl B. Everberg, counsellor at law, editor Commercial Law League Journal, and assistant professor of law at Boston University. Discussion leader will be I. W. Carson, treasurer, Syntron Company, Homer City, Pa.

James A. Nickerson, assistant controller and general credit manager, The Trailmobile Company, Cincinnati, Ohio, has selected as the subject of his talk, "Do payment bonds assure a guaranteed account—what steps should the credit man take to obtain maximum protection?" E. T. Larson, assistant treasurer, W. D. Allen Manufacturing Co., Chicago, Ill., will serve as discussion leader.

Miss Helen M. Sommers, credit manager, Trojan Hosiery Mills, Indianapolis, Ind., will present, "Scientific credit analysis—a challenge to the credit man to get out from behind the figures". Discussion leader will be R. D. Andrew, credit manager, American Blower Corp., Detroit, Mich.

Some concrete suggestions for setting credit limits, and "Danger in selling marginal risks to increase sales", are subjects of two additional talks, for which the speakers and discussion leaders will be announced later.

The closing section of the program will be the general discussion of industry problems. L. T. Hadley, credit manager, Goodman Manufacturing Co., Chicago, Ill., will lead the discussion and all delegates will be encouraged to participate.

Meat Packing

Two speakers have been obtained for the morning session. The first speaker will be Otto E. Dede, credit manager, Krey Packing Co., St. Louis, Mo., whose subject will be "The skill in credit work", which will include the art or science of credit work, consistency of credit policy, and moral attitude of credit policy.

The next speaker will be R. A. Carrier, assistant treasurer, Agar Packing and Provision Corporation, Chicago, Ill. Mr. Carrier's topic will be "Credit department forms."

Mr. J. E. Walsh, credit manager, Oscar Mayer & Company, Chicago, Ill., will be the first speaker on the afternoon program, covering the subject "Credit file revision". "Credit problems of the West Coast" will be presented by L. F. Fishbeck, credit manager, Coast Packing Company, Los Angeles, Calif., western division vice-president of the National Association of Credit Men.

A question and answer and general discussion period will follow each of these talks.

The balance of the meeting will be devoted to an open forum discussion period. A. L. Jones, assistant treasurer and general credit manager of Armour & Company, Chicago, Ill., will be the moderator.

Non-Ferrous Metals, Raw Materials and Allied Lines

(See Iron and Steel)

Oil Field Service and Supplies

The name of this Industry Meeting has

been changed from Oil Well Supplies to that shown above. This will be the second anniversary of this industry session. The first was held in Los Angeles last year. It was so successful that the men in the industry felt that another meeting should be scheduled in Boston.

Chairman Cooney of Baker Oil Tools, Inc., Houston, Texas, has already scheduled two talks. They are, "Credit problems peculiar to the oil field." Speaker: L. M. Tidd, general credit manager, Black, Sivalls & Bryson, Inc., Oklahoma City, Okla. Discussion leaders selected are W. H. Arnold, Magnolia Petroleum Co., Houston, Texas; Miss Olive Wynn, Chemical Process Co., Breckenridge, Texas; L. E. Jones, Arkansas Fuel Oil Co., Shreveport, La.

The subject "National Credit Interchange and the oil field credit manager" will be presented by S. J. Haider, director, Credit Interchange and Industry Service Department, National Association of Credit Men, St. Louis, Mo. Discussion leaders for this and other subjects which will be selected are J. I. Clemons, The Texas Co., Dallas, Texas; P. A. DuChene, Houston Natural Gas Co., Houston, Texas; W. L. Holmes, Schlumberger Well Surveying Co., Houston, Texas.

Considerable time is being allowed for open forum discussion. Here indispensable information will be exchanged between the delegates attending the meeting which could not be obtained in any other way.

Paint, Varnish, Laquer and Wallpaper

The first subject on this program is entitled, "Financial Merry-Go-Round". This will consist of a panel of members who will present various topics of interest for discussion by the delegates.

The second presentation will be a talk by Norman Nelson, student at Fletcher School of Diplomacy, whose subject will be announced later.

A. D. Whiteside, president, Dun & Bradstreet, Inc., will report on "The Washington Situation".

"Productivity of credit", is the subject of a talk by Marvin D. Thorn, associate director of research, Credit Research Foundation, New York, N.Y.—assisted by Karla J. Howe, president, Great Lakes Varnish Works, Chicago, Ill., and E. N. Ronnau, assistant vice-president, Cook Paint & Varnish Co., North Kansas City, Mo.

Dwight Sherbourne, secretary-treasurer, A. Burdsal Co., Indianapolis, Ind., will present "Credit Interchange Bureaus"—assisted by F. J. Hamerin, secretary-treasurer, Lilly Varnish Co., Indianapolis, Ind., A. H. MacNabo, treasurer, Acme Quality Paints, Inc., Detroit, Mich., and S. J. Haider, director, Credit Interchange Bureaus, National Association of Credit Men, St. Louis, Mo.

A general discussion period will follow each presentation.

Paper Products and Converters

This meeting will open with a talk on "The credit outlook" by William Duvel, assistant manager, metals division, National Credit Offices, New York, N. Y. "Wheedling Financial Figures from

Shy Customers", is the subject of a talk to be presented by E. W. Below, comptroller, Marathon Corporation, Menasha, Wisc.

Victor C. Eggerding, general credit manager of the Gaylord Container Corp., St. Louis, Mo., will speak on "Public relations aspects of credit management."

A question and answer period will follow each of these talks, with general discussion by the delegates at the meeting.

The balance of the program will be "A credit clinic"—a presentation of case studies of actual cases handled in the industry. This portion of the program will be under the direction of Cliff Heath, Sealright Corporation, Fulton, N.Y., who will serve as discussion leader.

Petroleum

The program for this industry meeting will consist of two formal addresses, one in the morning, and the other in the afternoon, with the balance of each session devoted to open forum and panel discussion periods.

"Rehabilitation of debtors outside the courts," and "Your customer's working capital and his gasoline tax liability," are the subjects of the two formal talks; names of speakers to be announced later.

Leo E. Jones, Arkansas Fuel Oil Co., Shreveport, La., will serve as moderator at the morning panel session, at which time the following subjects will be discussed: "Methods of reducing old debts while selling currently"; "Cash discounts"; "Ledger interchange on motor carriers."

Moderator for the afternoon panel session will be D. A. Grant, Soconoy-Vacuum Oil Co., Inc., Chicago, Ill. Subjects to be discussed are, "Tank station credit controls"; "Credit limits"; "Financial statement policies."

Names of the panel members are not available at this time.

Plumbing, Heating, Refrigeration and Air Conditioning

Reports received from chairman H. S. Johnston, United States Radiator Corp., Detroit, Mich., indicate that a very interesting program is being prepared for this industry meeting.

Complete program will be announced later.

Public Utilities

Again this year, the public utilities industry is scheduling a day and a half meeting. They will meet all day Tuesday, May 15, and have a morning session on Wednesday, May 16.

Earl H. Eacker, president, Boston Consolidated Gas Company, Boston, will give the address of welcome on Tuesday morning. This will be followed by two formal talks as follows: "How to be human on the job," by W. G. Strathern, director of training, Eastern Gas and Fuel Associates, Boston, and "The customer talks back," by O. J. Vosbrink, Union Electric Company of Missouri, St. Louis, Mo.

The afternoon session on Tuesday will

open with a presentation by A. D. Christopher, Michigan Consolidated Gas Co., Detroit, Mich., on the subject, "Can we develop a scientific approach to security?" This is a follow-up on Mr. P. E. Ewers' 1950 presentation at Los Angeles entitled "Prudent protection preserved profits."

"Management inventory and development" is the subject of an address by Virgil Rowland, The Detroit Edison Co., Detroit, Mich. This is a program developed by the American Management Association as applied in the accounting departments of the Detroit Edison Company.

The Wednesday morning session will open with breakfast at 8:30 A.M., served in the regular meeting room.

Following the custom of recent years, this session is entitled "5 and 10," and will be comprised of short talks followed immediately by discussion period. M. E. Edell, Consolidated Edison Company of New York, will be chairman of this session.

L. L. Starrett, Commonwealth Edison Co., Chicago, Ill., will talk on "Can a service location file absorb a customer history file?" "What publications should be a 'must' for a credit man's reading?" is the topic assigned to Harry S. Hahn, The Ohio Fuel Gas Co., Columbus, Ohio. Ray E. Bachus, Cincinnati Gas & Electric Co., Cincinnati, Ohio, will present "Results and resume of a credit and collection questionnaire," which will provide a chance to discuss a number of familiar but pertinent problems such as (1) recent changes in collection procedure and contemplated economies, (2) collection of final bills, (3) cash deposits, (4) discount periods, (5) dollar limits for collection action, (6) use of the telephone in collection activity, (7) service office and collection agency facilities.

Textile

Chairman Paul E. Hunter of Pacific Mills, New York, in reporting on the program for the textile industry meeting advises that Professor James J. Healy, a member of the faculty of the Harvard Graduate School of Business Administration, has been invited to brief the meeting on the up to the minute aspects of business leadership, giving the meeting the benefit of the work of the Harvard 19th Advanced Management Program nearing completion. Nicholas E. Peterson, vice-president of the First National Bank of Boston, has been invited to brief them on the world economic situation of the moment, specifically slanted to the interests of cotton, wool and rayon credit men. At the conclusion of their talks, these men will endeavor to answer questions which their talks may bring to mind.

The entire afternoon session will be devoted to the presentation of papers on new credit ideas. Textile leaders throughout the country are being invited to put these ideas in concise memorandum form which will be mimeographed and distributed to cover as much new thinking on credit matters as possible. The entire committee acting as moder-

ators will edit and assist in presenting the material so as to bring out the maximum benefits in a short space of time.

Wearing Apparel

This program will consist of two formal presentations, one as the opening subject of the morning session, and the other the opening subject at the afternoon session, with the balance of the program devoted to open forum and panel discussion.

"Competition for consumer dollars," which will include the influence of hard and soft goods lines on each other through their respective problems of supply and demand, will be presented by a speaker at the morning session. The topic of the talk at the afternoon session is "Important trends in financial statements." Speakers for these two subjects will be announced later.

The topics for open forum and panel discussion are as follows:

"Effects of higher prices and taxes on retailers." The following phases will be covered: Sales; profits; ability to pay; possibility of remaining in business.

"Overbuying and inventory speculation" will cover credit department counsel and control; duplication of orders and returns; datings and extensions; working capital needs and limitations.

"Is allocation or allotment of merchandise beneficial or harmful to retailers?" This discussion will cover the various aspects of this problem.

"Avoiding losses from the new store in business," covering the following phases: Attitude of credit grantors; working capital requirements; sales and inventory turnover; the third "C"—Capacity.

Cleveland Charters Four Cars for Delegation to Boston Credit Congress

Cleveland: The Cleveland Association of Credit Men has chartered four deluxe cars on the New York Central train leaving Cleveland Terminal on Saturday night, May 12th, due to arrive in Boston on Sunday forenoon, May 13th. The Cleveland delegation will be housed in the Copley-Plaza Hotel and the Cleveland Breakfast will be held at that hotel on Monday morning, May 14th. The Ohio Valley Regional Credit Conference Dinner also will be held at the Copley-Plaza on Monday night, May 14th. Cleveland hopes to have a sizeable representation for the Boston Convention.

Wheeling Holds Forum On New Accounts

Wheeling: The Wheeling Association of Credit Men conducted an open forum February 15 on the subject "The Prospective Customer and New Account." R. A. Klieves, Wheeling Steel Co., was moderator, and the panel consisted of J. H. Ford, Weirton Steel Co., V. E. Drum, C. A. Robrecht Co., Henry Voight, Genuine Parts Co., and A. W. Oppman, Fulton Bank & Trust Co.

Food Credit Men Of Mid-West Hold Annual Meeting

Representatives of leading food manufacturers and allied lines met at the La Salle Hotel, Chicago, Friday, February 23, for the twelfth annual midwest credit conference sponsored by the Food Manufacturers and Allied Lines Credit Group of the Chicago Association of Credit Men.

R. O. Berg, General Mills, Inc., Chairman of the Conference Committee, presided at both morning and afternoon sessions. W. B. McCabe, Durkee Famous Foods, Chairman of the Food Manufacturers and Allied Lines Credit Group, welcomed the members of the Group and guests.

William S. Collen, of the law firm of Collen, Kessler and Kadison, spoke on "The Credit Manager Comes Face to Face With Bankruptcy Proceedings" and Rose M. Kiefer, Secretary-Manager of the National Association of Retail Grocers, on "What About Tomorrow?" Kenneth R. Wells, the American National Bank and Trust Company of Chicago, discussed "Customer Appraisal and Sales Potential." Discussion periods followed each address.

The noon luncheon chairman was George H. Nippert, The Procter and Gamble Distributing Company, and the Association welcome was given by J. E. Walsh, Oscar Mayer and Company, President of the Association. The guest speaker was M. L. Van Slyck, of the Journal of Commerce of New York City.

The afternoon session was devoted to a credit clinic with R. O. Berg presiding as moderator and the following panel members: T. J. Lyon, Kellogg Sales Company, Battle Creek, Michigan; H. Jackson, The Hubinger Company, Keokuk, Iowa; J. E. Ledbetter, Northrup, King and Company, Minneapolis, and V. Munger, Libby, McNeill and Libby, Chicago.

Eastern Managers Meet in Florida

Tampa: The Floridian Hotel was the scene of the annual conference of secretary-managers of the Eastern Division, NACM, March 8, 9 and 10. The conference dealt wholly with shop talk on such subjects as the necessity for NIC chapters at the present time, promotion of the Graduate School, member recording and so forth. A fuller report will appear in the April issue.

Johnson City, N. Y.: The February meeting of the Triple Cities Credit Women was held at the American Legion. Joseph P. Hester, well-known attorney, was the speaker. His subject was "Livery of Seisin."

Alabama Officers



The Alabama Association of Credit Executives has just elected a new slate of officers. Left to right they are: F. Pride Jones, James B. Clow & Sons, president; M. E. Wiggins, Alabama Power Co., vice-president; T. G. Phillips, Birmingham Paper Co., treasurer, and W. C. Daby, secretary-manager. The election took place during the 47th annual meeting.

Philadelphia Forum Meeting Held Feb. 27

Philadelphia: "Facts and Figures—Get Them!" was the subject of a panel discussion during the regular monthly luncheon of the Credit Men's Association of Eastern Pennsylvania on Tuesday, February 27.

Stephen F. Sayer, First National Bank of Philadelphia, was moderator and the panel consisted of H. Rives Lemmon, Dun & Bradstreet, Inc.; John R. Scholl, Scholl & Dougherty; Charles F. Sheldon, Philadelphia Credit Bureau, Inc., and Ralph L. Stauffer, CPA.

Thomas H. Nelson Speaks At Forum in Cleveland

Cleveland: On February 26th Thomas H. Nelson was the speaker at the Educational Forum. This was not a dinner meeting but was held in the Allerton Hotel Ballroom from 7:00 to 9:00 p.m. and drew a large attendance, as Mr. Nelson had appeared before the Cleveland Association when he made a very impressive address. Mr. Nelson is a partner of Rogers & Slade, Management Consultants, of New York, and a member of the faculty of the Graduate School of Credit and Financial Management at the Amos Tuck School of Business Administration at Dartmouth.

European Situation Is Pittsburgh Dinner Text

Pittsburgh: The mid-winter dinner meeting of the Credit Association of Western Pennsylvania was held February 27th at the Hotel Schenley. The feature of the meeting was an address by Elwood Broadwater, Director of Public Relations, The Salem-Brosius, Inc., of Salem, Ohio. He outlined the basis of the economic situation of some of the countries he recently visited.

News from the CREDIT WOMEN'S GROUPS

Boston: Milton H. Brown, credit manager of the New England Confectionery Company was the guest speaker at the annual meeting of the Boston Credit Women's Group at the Pioneer Hotel March 8. He spoke on "Commercial Letters and the Writing of Them." Also Mrs. Milton Brown demonstrated many of the 800 dolls in her collection.

New officers elected at the meeting were Mrs. Elsie Gregg, president, Mrs. Marion Gore, vice-president, Miss Catherine Sheehan, treasurer and Miss Sarah Serson, secretary.

Chicago: The Chicago Credit Women held their annual meeting and installation of officers at the Chicago Bar March 13. Catherine A. Boland, John A. Roebing's Sons Co. of Illinois is president. The other officers are: Dora K. Fitzpatrick, Arthur S. LaPine & Co., vice-president; Marguerite Hannah, Continental Insurance Co., treasurer; Irene L. Goldthwaite, Melville Confections, Inc., recording secretary; Linnea Stubbs, Great Lakes Varnish Works, Inc., corresponding secretary, and Lydia Behm, General Steel Warehouse Co., financial secretary.

St. Louis: J. A. McCracken, district credit manager, Westinghouse Electric Supply Co., was the principal speaker at the February meeting of the Credit Women's Club of St. Louis. His topic was "Why Do Businesses Fail?"

For entertainment the finance committee sponsored a white elephant sale.

Tulsa: The 49th credit women's group has been organized in Tulsa. There were 22 present at the inaugural meeting, a number which is expected to increase rapidly.

Davenport: The Credit Women's Group of the National Association of Credit Men, Quad City Area, met February 12 at the Lend-A-Hand. Because of the bad weather our number was small. We had a very interesting speaker for this meeting; Mr. Dudley Lowery, a Davenport attorney. His subject was, "The Special Charter of the City of Davenport and What It Means to Us."

Philadelphia: Albert J. Berkow, Newburger & Co., gave an interesting talk on investment principles at the March 8 dinner meeting of the Philadelphia Credit Women's Group.

Bridgeport: Professor Benjamin O. Nelson of the University of Bridgeport was the speaker at the January Meeting of the Bridgeport Credit Women's Group. His subject was "The Geographic Basis for Current International Politics."

Pittsburgh: The Credit Women's Group of the Credit Association of Western Pennsylvania joined with the Association at the annual Mid-Winter Dinner Meeting which was held on February 27th at Hotel Schenley. The speaker was Elwood Broadwater, Director of Public Relations, the Salem-Brosius, Inc., who spoke on "International Financial and Economic Affairs."

Louisville: The Credit Women's Group of the Louisville Credit Men's Association will meet on March 22nd to select new officers for the current year. H. M. Kessler, immediate Past President of the Louisville Credit Men's Association was the speaker at the January meeting. His subject was bankruptcy. Mr. Kessler explained many of the intricacies of handling claims through the Bankrupt Court.

San Diego: Don C. Dickinson, vice-president, Security Trust & Savings Bank, has been elected president of the San Diego Wholesale Credit Men's Association. He succeeds Wilbur Kelley, Jr., Kelley Laundry & Dry Cleaners. Larry Folda, W. J. Bailey Co., is the new vice-president.

Omaha: The Credit Women's Group of Omaha met Thursday evening, February 8, for their regular monthly meeting. Ray Clark, news commentator for WOW talked to the group, touching upon what he considered the ten top news stories of the year.

This is turning out to be a good year for the Omaha group. Not only is the membership greatly increased but also, due to the fine work of the ways and means committee it has been able to increase the number of scholarships awarded to three instead of the one in previous years.

Syracuse: Carl H. Maar, vice-president of the Lincoln National Bank and Trust Company, addressed the Syracuse Credit Women's Group February 27 at the Onondaga Hotel. His topic was "Banking in relation to loans."

Mr. Maar has been with the Lincoln Bank since 1933.

Pittsburgh: On January 30, 1951, the Pittsburgh Credit Women's Club were asked to sponsor their first Credo (Weekly Association Luncheon) Meeting. Miss Marion R. McSherry, Chairman of the National Credit Women's Executive Committee, gave an interesting and challenging discussion on "Where Are We Going?" She enumerated the qualifications necessary to arrive at a specified destination and aroused her audience to

think seriously about her various points.

To make the day perfect for us, Miss McSherry attended our regular monthly meeting in the evening. This was informal and we had an opportunity to chat and become better acquainted with our chairman.

Oakland: The Credit Women's Group held their monthly meeting February 19th at the Robin Hood Inn. After dinner Mr. Harry Brix addressed us on the subject, "Credit and Collections." Mr. Brix is at present assistant treasurer of the East Bay Municipal Utility District and a professor on the staff of the University of California where he received his degree of B.S.

A vote was taken on the adoption of a resolution changing the Constitution and By-laws to conform with the pattern as set forth by the National Association.



BOSTON ROUNDUP

ALL arrangements have been completed for Zebra activities at Boston on Wednesday, May 16. The annual Round-up Business Meeting will be held at 12:00 o'clock Noon. Installation and initiation of new herds, as well as Foreign Legion applicants, will follow the business session. A Boston herd is already formed and prospects are very good for installation of additional herds from St. Louis and Toledo. Minneapolis is also a possibility.

The annual dinner and party will be held at 6:30 P.M.

Both sessions will be held on the Roof of the Bradford Hotel, just two blocks from the headquarters hotel, the Statler.

No Zebra should miss the Business Meeting. Election of national officers and amendments to the Zebratution are in order. Many of you have never seen the installation of new herds. Pittsburgh herd promises an interesting initiation.

Zebra dues card for 1951 will be required for admission to both sessions. Therefore, if any herd or Foreign Legion members have not sent in the \$1.00 for national dues—better do so at once.

The Zebratution provides for membership in the Foreign Legion for those engaged in credit pursuits who are not located in areas represented by duly constituted herds. Each application for such membership must be accompanied by

(Continued on opposite page)

Feed Industry Credit Men Hold All-Day Meeting

Minneapolis: Credit executives of the feed industry held a one-day conference at the Hotel Radisson February 15 to discuss problems of the industry. The Feeder Finance Division of the Minneapolis Association of Credit Men was host to the more than fifty executives who attended.

Speakers at the morning session and their subjects, were Dean McNeal, Pillsbury Mills, Inc., "1951 Turkey Outlook"; Andrew Stevens of Ralston Purina Co., "Good Morning, Mr. Banker"; Clifford Sommers of Midland National Bank, Minneapolis, "Turkey Finance," and Don Crowley of the Northwestern National Bank, Minneapolis, "Hog and Steer Financing." Following the luncheon, the meeting reviewed the questionnaires which had been filled out by the various feed manufacturing representatives, dealing with the problems common to all who arrange and handle turkey financing.

Financing of turkey flocks has grown steadily over the recent years, and certain techniques to safeguard the feed manufacturer and banker have been developed. The association has been a factor in promoting the best practices. Members of the association were urged to use the material developed for educating the dealers and feeders concerning the need of the best credit practices.

Fifty men, representing the larger companies, which included some Chicago and St. Louis firms, were in attendance. For some time a credit group of feed manufacturers has been operating in the Kansas City area for some time also.

Annual Georgia Credit Clinic is Held in Atlanta

Atlanta: The second annual Georgia Credit Clinic took place February in the sixth floor auditorium, Atlanta Division, University of Georgia. The clinic was sponsored jointly by the University, the Atlanta Retail Credit Association and the Georgia Association of Credit Management, Inc.

Mrs. Carmen A. Dobbs presided at the morning session which featured talks by Henry A. Heimann, executive manager, NACM, and Lloyd Raisty, senior economist, Federal Reserve Bank of Atlanta, and a panel discussion on 1951 credit problems with Mr. Heimann as moderator. The afternoon session included workshops for the retailers and he wholesalers and the day was brought to a close with a banquet at which the speaker was J. Gordon Dakins, president of the National Retail Dry Goods Association.

CORRECTION

The listing of affiliated Associations in the January issue should have indicated that the Houston Association of Credit Men has an approved adjustment bureau. The editors, in compiling this semi-annual headache, inadvertently omitted such designation for the Houston Association.

John E. Hoff Is New President of Klearflax, Duluth



Duluth: John E. Hoff, former director of the NACM, has been elected president and general manager of Klearflax Linen Looms, Inc.

Mr. Hoff has been associated with Klearflax since 1920 when he joined the company as a chemist. He took charge of the production department in 1925, directed sales in the Pacific Northwest 1928-1929, served as auditor until 1934, and became treasurer in that year. In 1950 he was elected vice-president and sales manager. He acted as general manager during his predecessor's absence for military duty during 1943-1944.

Mr. Hoff has been an active member of the Duluth-Superior Credit Association since 1929 and has served it as director and president.

Memberships Mean Gruen Watches



ARE you one of the lucky eight members of N. A. C. M. who will proudly own a new Gruen "Clipper" self-winding watch at the 55th Annual Credit Congress and Convention in Boston next May? Through the cooperation of George Gruen, Chairman of the Board, Gruen Watch Company, and Past-President of N. A. C. M., such a watch will be presented to the member who contributes most to the attainment of the top position in each one of the eight membership classes.

Presentation is being made to stimu-

late cooperation in membership sales and activities. The Board of Directors and/or Membership Committee of the local winning Association will determine the member who contributed most toward membership progress of the Association at the end of the fiscal year, April 30, 1951.

There's still time to enter this contest and to forge ahead with the objective of leaving the convention with an Auto-wind Gruen watch award ticking away on your wrist. Let's give this promotion our full support. Ask the Secretary of your local Association for full details.

ZEBRAS

(From previous page)

check in the amount of \$2.00 and a statement from the secretary of the local Association that the applicant has, in the past twelve months, secured a new member or reinstatement of a resigned member, for his Association.

All national dues, Foreign Legion dues and applications for Foreign Legion membership should be forwarded immediately to

Frank J. Hohman, Grand Zebratary, 701 Commonwealth Building Annex, Pittsburgh 22, Penna.

Make checks payable to—Royal Order of Zebras, National.

Recognition of the Royal Order of Zebras by our National Association Officers has long been one of the aims of the Order. Our good President, and fellow Zebra, Mr. A. J. Sutherland, announced at Los Angeles that he would award the outstanding Zebra of each herd at the Convention in Boston. Your Zebra bulletin has mentioned on several occasions the rules for the contest.



Faneuil Hall is the place where the Boston Tea Party was planned.

Boston—Convention City

BOSTON: City of contrasts, city where colonial buildings crouch in the shadow of twentieth century skyscrapers, city where a taxi ride from one of the oldest churches in the country to one of the most modern of air terminals takes but ten minutes, that is the city which is to be your host for the 55th annual Credit Congress May 13-17.

Boston is indeed a city of contrasts. The very old and the very modern meet you every time you turn a corner. If you have never been there before, you will get lost, as sure as fate, sometime during your stay, for the city streets wind almost aimlessly. But after you have been there a day or two the place gets you. It has an atmosphere that no other city could hope to imitate.

There has been altogether too much talk about tradition, culture and what-not in discussions of Boston. Tradition it has, culture it has, in large quantity, but so have other cities. Boston just has had them for a longer time. But the days when Cabots spoke only to Lowells and Lowells spoke only to God are long past. The Boston of today is a thriving metropolis in which the tradition and culture are no longer the be-all-and-end-all but are rather the spice which makes the city a joy to visit.

Take streetcars now. Any streetcars left in your city? If not what did they do about them? Throw them out and substitute busses? Not in Boston. Someone, a long time ago, figured that traffic would become too thick for streetcars or

busses, so what did he do? He shot them under ground about two miles from the city center with the result that Boston still has streetcars, the most modern streetcars all through the city, but all of them safely below ground.

No other city on the continent has so many points of historic interest within easy walking distance as has Boston. Pre-revolutionary Boston was a village; consequently its environs were not far-flung, and if you have an hour's time at your disposal you can see many of those things which have been famed in song and story and which both date and antedate the Revolution.

Metropolitan Boston has over 5,200 manufacturing plants, and over 25,000 well ordered mercantile establishments. It is the shoe and leather center of the world; the headquarters of cotton manufacturing; it is the greatest wool market of the United States; it is the most up-to-date fish port of the world, in production is exceeded only by Grimsby, England; is one of the three great rubber manufacturing centers of America, producing thirty-seven per cent of the rubber shoes and twenty-two per cent of all the rubber products manufactured in the United States, and is the home of the largest safety razor manufacturing plant in the world. High quality electrical apparatus is Boston's third greatest industrial output.

Boston has one of the most accessible, deep channeled natural harbors on the Atlantic Coast, equipped with modern piers, docks, and wharves with direct highway and railroad connections. Of the forty miles of berthing space, eight are on a depth of thirty to forty feet at mean low water. There is practically no limit to the size of vessels which can be accommodated.

Metropolitan Boston is served by more than 27,000 retail stores, among which are over a score of large department stores, departmentalized grocery stores and a multitude of specialty shops. In Municipal Boston alone are ten department stores, employing approximately 10,000 workers. One Boston store is the largest specialty apparel store in the world. The total annual sales of Boston's department and specialty stores exceed \$200,000,000.

The Statler, headquarters hotel, is situated in Park Square, half a block from the Public Garden and Boston Common. The other cooperating hotels (those marked on the map are not necessarily hotels the NACM will use) are all within easy reach by taxicab or by trolley from Arlington Station which practically adjoins the Statler. Tremont and Washington Streets—the shopping district—are a block away and the financial district about ten minutes' walk.

When you arrive at the Hotel Statler for the 55th Annual Credit Congress you will be given a map of the city with the major points of interest clearly marked, but in the meantime it might be a good idea to tear out the opposite page to give you some idea of where your hotel is. The numbers show the location of the better-known hotels.

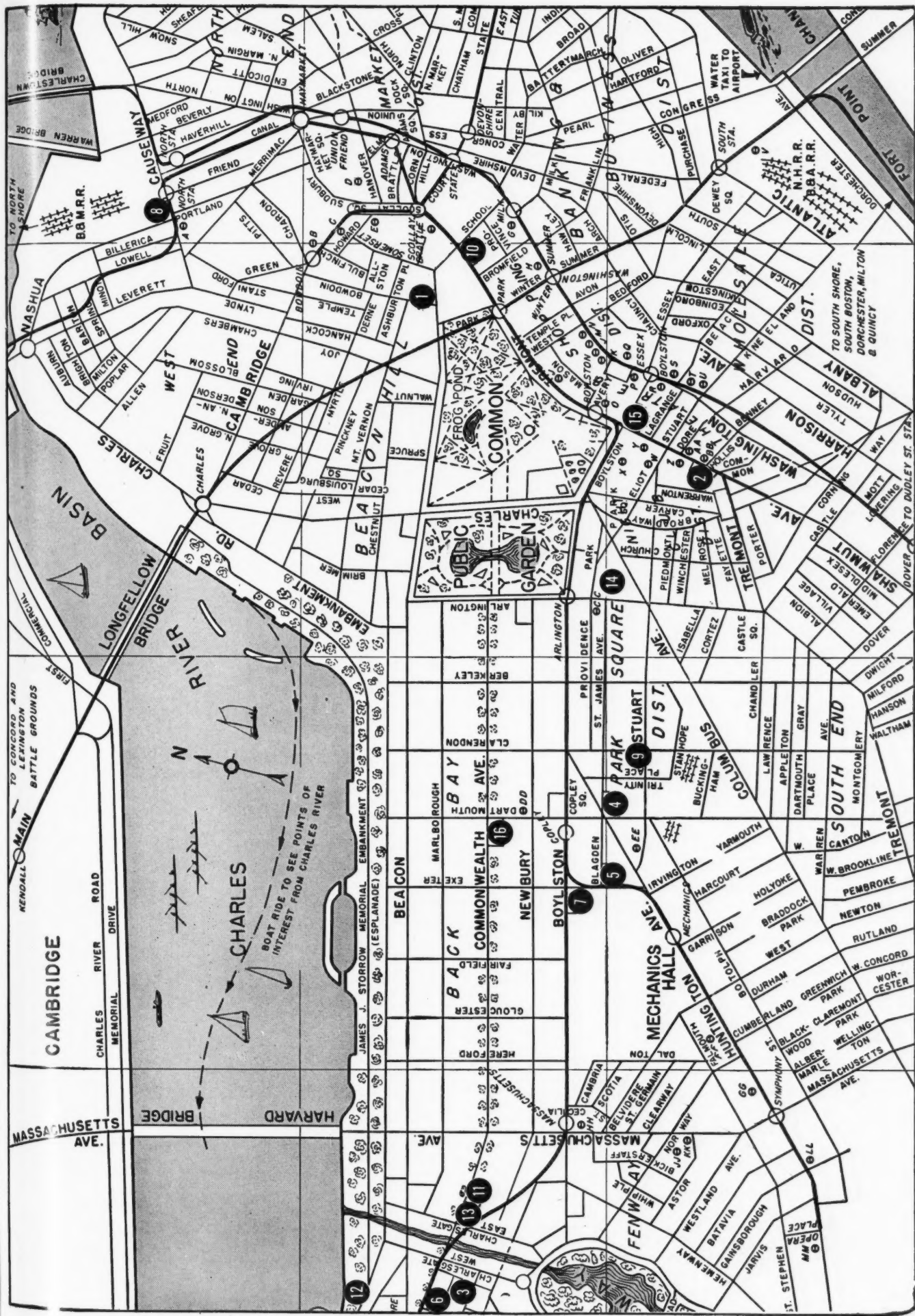
1 Bellevue
2 Bradford
3 Buckminster
4 Copley Plaza

5 Copley Square
6 Kenmore
7 Lenox
8 Manger

9 YMCA*
10 Parker House
11 Puritan
12 Sheraton

13 Somerset
14 STATLER
15 Touraine
16 Vendome

*Do you see how Huntington Avenue extends down to the bottom left hand corner of the map? The YMCA is down there, as is the Mother Church of the Church of Christ Scientist. The blacker lines indicate subway routes.



HIGHLIGHTS OF THE 39TH ANNUAL REPORT OF THE

Commercial Credit Company

The activities of Commercial Credit Company are carried on in three main divisions, consisting of Finance Companies, Insurance Companies and Manufacturing Companies.



Consolidated operations and net income from current operations for 1950 were larger than for any previous year in the history of the Company.

Consolidated Balance Sheet as of December 31, 1950

ASSETS		LIABILITIES, CAPITAL AND SURPLUS	
CURRENT ASSETS:		CURRENT LIABILITIES:	
Cash in banks and on hand.....	\$ 74,873,853.85	Notes Payable—Unsecured Short Term...	\$432,848,500.00
Marketable Securities:		Accounts Payable:	
U. S. Government Obligations.....	\$ 55,132,256.69	Credit Balances of Manufacturing and	
Other Marketable Securities.....	8,656,255.53	Selling Agents.....	\$ 13,611,102.02
	\$ 63,788,512.22	Sundry.....	8,787,364.71
Less Reserves.....	145,607.20	Due Customers only when Receivables	
Accounts and Notes Receivable:		are collected.....	7,543,138.34
Motor and Other Retail and "F.H.A."...	\$438,570,311.00	Accrued Income and Excess Profits Taxes.....	23,057,185.81
Motor and Other Wholesale.....	127,042,417.81	Accrued Other Taxes.....	2,602,180.84
Open Accounts, Notes, Mortgages and		Customers' Loss Reserves.....	16,928,122.16
Factoring Receivables.....	78,446,399.59	Total Current Liabilities.....	\$505,377,593.88
Direct or "Personal Loan" Receivables.....	22,579,165.20		
Sundry Accounts and Notes.....	3,076,686.63		
Total.....	\$669,714,980.23		
Less Reserves for:		UNEARNED PREMIUMS—	
Unearned Income.....	\$ 26,084,163.10	"INSURANCE COMPANIES".....	30,117,051.83
Losses on Accounts and Notes.....	10,783,236.59		
Total Reserves.....	\$ 36,867,399.69	RESERVES FOR:	
Other Current Assets:		Losses and Loss Expense—	
Trade Accounts and Notes Receivable		"Insurance Companies".....	\$ 4,069,468.73
"Manufacturing Companies".....	\$ 7,206,515.37	Fluctuations in Security Values.....	886,442.54
Premiums Receivable—"Insurance		Canadian Exchange Fluctuations.....	587,127.01
Companies".....	309,585.53		5,543,038.28
Claims against U.S. and Canadian			
Governments—Taxes, etc.....	222,119.19	UNSECURED NOTES:	
Inventories—"Manufacturing		Notes, 2½% due serially—1953-1957.....	\$ 41,500,000.00
Companies".....	8,764,064.72	Note, 3% due 1963.....	50,000,000.00
Total Current Assets.....	\$787,866,624.22		91,500,000.00
		SUBORDINATED UNSECURED NOTES:	
FIXED AND OTHER ASSETS:		Notes, 3% due 1957.....	\$ 25,000,000.00
Land, Buildings, and Equipment		Notes, 3.95% due 1964.....	25,000,000.00
"Manufacturing Companies".....	\$ 6,632,444.20		50,000,000.00
Company Cars—used by Representatives.....	1,278,648.14	MINORITY INTEREST	
Cash Surrender Value Life Insurance.....	109,759.67	IN SUBSIDIARIES.....	35,898.95
Repossessions—at depreciated values.....	261,993.50		
	8,282,845.51	CAPITAL STOCK AND SURPLUS:	
DEFERRED CHARGES:		Common Stock—\$10 par value:	
Prepaid Interest and Discount.....	\$ 1,868,390.29	Authorized—3,000,000 shares	
Prepaid Insurance and Expenses.....	843,762.56	Issued and Outstanding—2,278,812 full	
	2,712,152.85	shares and 161 shares of fractional scrip	\$ 22,789,730.00
	\$798,861,622.58	Capital Surplus.....	38,042,919.93
		Earned Surplus.....	55,455,389.71
			116,288,039.64
			\$798,861,622.58

A Few Facts, as of December 31, 1950 and 1949

CONSOLIDATED OPERATIONS			NET INCOME		
	1950	1949		1950	1949
Gross Finance Receivables Acquired.....	\$2,346,583,865	\$1,971,773,386	Finance Companies.....	\$10,925,044	\$9,157,253
Gross Insurance Premiums, Prior to Reinsurance	42,739,802	50,735,007	Insurance Companies.....	5,397,361	5,486,049
Net Sales of Manufacturing Companies.....	84,992,183	76,106,064	Manufacturing Companies.....	3,531,106	3,127,415
Gross Income.....	106,138,880	93,303,381	Net Income from Current Operations.....	\$19,853,511	\$17,770,717
Net Income from Current Operations, before			Net Income per share on Common Stock*	\$8.64	\$9.16
Taxes on Income.....	41,022,804	30,805,719	Net Income per share on present capitalization of		
United States and Canadian Income Taxes.....	19,869,293	13,035,003	2,278,973 shares of Common Stock outstanding—		
United States Federal Excess Profits Tax.....	1,300,000	—	no allowance for dividends on Preferred Stock....	8.71	7.79
Federal Taxes on Income—per share*	9.28	7.07	Book Value per share—Common Stock*	51.02	45.00
Salaries, Wages, Commissions.....	43,059,111	39,894,856			

COMMERCIAL CREDIT COMPANY AND SUBSIDIARIES—BALTIMORE 2, MARYLAND

More than 300 Offices in Principal Cities of the United States and Canada